

Justice Anil Dev Singh Committee
For Review of School Fee
1st Floor, C-block, Vikas Bhawan-2,
Upper Bela Road, Civil Lines, Delhi -110 054

No. 362/3 ADSC

Dated- 8/5/14

To,

The Registrar General
Delhi High Court
New Delhi


Sub.: Delhi Abhibhavak Mahasang & Ors. Vs. Govt. of NCT of Delhi & Ors.
(Writ Petition No.7777 of 2009)

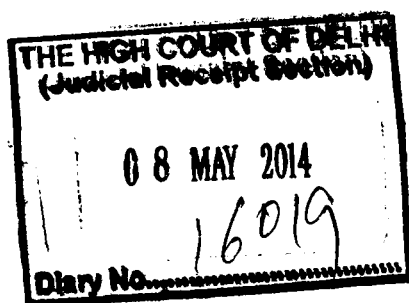
Sir,


- (1). Please find enclosed herewith the Fifth Interim Report of the Committee which may kindly placed before their Lordships of the Division Bench seized of the matter. (Two Volumes)
- (2). Please also find enclosed herewith the minutes of the meetings of the Committee held from November 22, 2013 to May 05, 2014 in a separate volume, which may also be laid before their Lordships.

Encl.: As above


Justice Anil Dev Singh (Retd.)
Chairperson


Dr. R.K. Sharma
Member




CA J.S. Kochar
Member

**JUSTICE ANIL DEV SINGH COMMITTEE
FOR REVIEW OF SCHOOL FEE**

5th Interim report

**Part 1
(Pages 1 to 459)**

May 6, 2014

**CA J.S. Kochar
Member**

**Justice Anil Dev Singh (Retd.)
Chairperson**

**Dr. R.K. Sharma
Member**

JUSTICE ANIL DEV SINGH COMMITTEE FOR REVIEW OF FEE HIKE

5TH INTERIM REPORT

INDEX

S. No.	Particulars	Page no.
1.	Main report with summary	1-10
2.	Recommendations in respect of individual schools contained in Part 1 of the report	11-459
3.	Recommendations in respect of individual schools contained in Part 2 of the report	460-942

Determinations

1. This Interim Report deals with 150 schools, out of which 26 schools are in Category 'A', 68 schools are in Category "B" and 56 schools are in Category "C". The summary of recommendations of the Committee in respect of these schools is as follows:

No. Of schools where the Committee has found the fee hike to be unjustified, either partially or fully, and hence recommended the refund of excess fee	54
No. of schools where besides, finding the fee hike to be unjustified either partially or fully, the Committee also found their records to be unreliable, and hence the Committee has recommended special inspection in addition to refund of fee	26
No. of schools whose claim for a further hike in fee, over and above that permitted by order dated 11/02/2009, was found to be justified	Nil
No. of schools where the Committee found the records of the school to be unreliable and hence has recommended special inspection to be carried out by Director of Education	39
No. of schools where the Committee found no reason to interfere qua the fee hike on account of the fact that the hike effected by them was not found to be excessive	31
Total	150

2. Schools in respect of which the Committee has recommended refund of fee.

The Committee has recommended refund of fee unjustly hiked by 80 schools. Among them are 26 schools, where the Committee, besides recommending the refund, has also recommended special inspection to be carried out by the Director of Education.

In respect of **54** schools out of 80 schools, which in view of the Committee had unjustly hiked the fee, the Committee has found that the hike effected by them in pursuance of the order dated 11/02/2009 issued by the Director of Education was either wholly or partially unjustified as, either:

- (a) the schools had hiked the fee taking undue advantage of the aforesaid order as they had no requirement for additional funds since they were found not to have implemented the recommendations of the VI Pay Commission, for which purpose the schools were permitted to hike the fee, or
- (b) the schools had sufficient funds at their disposal out of which the additional burden imposed by the implementation of VI Pay Commission could have been absorbed, or the additional revenue generated on account of fee hike effected by the schools was more than what

was required to fully absorb the impact of implementation of VI Pay Commission report, or

- (c) the development fee being charged by the schools was not in accordance with the criteria laid down by the Duggal Committee which was upheld by the Hon'ble Supreme Court in the case of Modern School vs. Union of India & ors. (2004) 5 SCC 583.

The detailed reasoning and calculations are given in the recommendations made in respect of each individual school which have been made a part of this report and are annexed herewith. The Committee has recommended that the unjustified or unauthorised fee charged by the schools be refunded by them alongwith interest @ 9% per annum as mandated by the decision of the Hon'ble Delhi High Court in Delhi Abhibhavak Mahasangh vs. Directorate of Education & ors. in WP(C) 7777 of 2009. To remove any ambiguity, it is clarified that the recommendation for payment of interest is for the period commencing from the date of collection of the unjustified fee upto the date of refund.

The list of these 54 schools where the Committee has recommended refund is as follows: -

S.N.	Ref. No.	Name & Address of School	Page No.
1	A 29	Happy English School, Geeta Colony	11-17
2	A 39	S.D. Saraswati Bal Mandir, Sector-22, Rohini	18-22
3	A 77	R.S.M. Convent School, Sagarpur	23-27
4	A 80	Satyawati Public School, Ishwar Colony	28-33
5	A 108	Radiant Model School, Nangal Raya	34-38
6	A 159	Biglows Public School, Krishna Nagar	39-46

7	A 162	Surya Public School, Nangloi	47-51
8	B 8	Vidya Bal Bhawan, Mayur Vihar-III	52-59
9	B 13	Lovely Rose Public School, Yamuna Vihar	60-66
10	B 67	Shadley Public School, Rajouri Garden	67-79
11	B 72	Dharam Deep Sec. Public School, Adhyapak Nagar	80-86
12	B 93	Gyan Sagar Public School, Palam Colony	87-93
13	B 94	Indraprastha International School, Dwarka	94-114
14	B 99	Golden Valley Sr. Sec. Public School, Najafgarh	115-119
15	B 112	Jain Happy School, S. Bhagat Singh Marg	120-126
16	B 123	B.V.M. Model Sr. Sec. School, Rajiv Nagar, Begum Pur	127-132
17	B 135	The Adarsh Model School, Uttam Nagar	133-139
18	B 140	Nav Gian Deep Public School, Vijay Enclave	140-145
19	B 141	Sardar Patel Vidyalaya, Lodhi Estate	146-167
20	B 168	Happy Senior School, Kirti Nagar	168-175
21	B 170	B.S.M. Public School, Baljit Vihar Extension, Nithari	176-183
22	B 174	St. John Public School, Khera Khurd	184-192
23	B 183	Bharat Shakti Public School, Krishan Vihar	193-199
24	B 208	Capital Model School, Mukerjee Park	200-205
25	B 210	Century Public School, Bijwasan	206-210
26	B 214	J. M. International School, Sect.-6, Dwarka	211-218
27	B 216	Tagore Public School, Naraina Vihar	219-230
28	B 232	Jagannath International School, Pitampura	231-237
29	B 233	Nav Bharti Public School, Pitampura	238-244
30	B 238	The Adarsh School, Kirti Nagar	245-250
31	B 239	S.D. Public School, East Patel Nagar	251-260
32	B 241	Prag Bharti Model School, Nangloi	261-266
33	B 242	Modern Child Public Sr. Sec. School, Nangloi	267-276
34	B 252	Bal Vidya Model School, Nangloi	277-283
35	B 256	Happy Cambridge School, Uttam Nagar	284-291
36	B 257	M. B. D. Arya Model School, Suraj Vihar	292-298
37	B 267	Bhardwaj Model School, Nihal Vihar	299-305
38	B 278	Siddhartha International Public School, East of Loni Road	306-329
39	B 291	Mother Khazani Convent School, Village Mungeshpur	330-336
40	B 361	Banyan Tree School, Lodhi Institutional Area	337-353
41	B 618	Mount Carmel School, Anand Niketan	354-375
42	C 93	Chhotu Ram Public School, Bakhtawarpur	376-380
43	C 292	Delhi International School, Sector-3, Rohini	381-389
44	C 339	God's Grace School, Okhla Embankment	390-398

45	C 347	S.N. Modern School, New Ashok Nagar	399-405
46	C 351	Homely Public School, Shakarpur	406-411
47	C 355	Bhai Lalo Public School, Geeta Colony	412-417
48	C 376	Anglo Indian Public School, Gharoli, Mayur Vihar-III	418-422
49	C 379	Sardar Patel Modern School, Mayur Vihar	423-430
50	C 381	Bharat National Public School, Ram Vihar, Karkardooma	431-438
51	C 394	Rajdhani Public School, East Vinod Nagar	439-443
52	C 399	Yog Bharti Public School, New Ashok Nagar	444-449
53	C 401	Panchsheel Public School, Ekta Vihar (Jhilmil)	450-454
54	C 422	Shishu Bharti Vidyalaya, Gandhi Nagar	455-459

3. In respect of the remaining **26** schools, the Committee found that the schools had increased the fee in pursuance of the order dated 11/02/2009 of the Director of Education but had not implemented the VI Pay Commission Report. At the same time, the financials of the schools did not inspire any confidence for a variety of reasons, which have been discussed in the recommendations in respect of each school separately. In some cases, the schools did not produce the required records for examination by the Committee but the fee schedules and staff statements filed by the schools as part of their returns under Rule 180 of the Delhi School Education Rules, 1973 showed that they had hiked the fee in pursuance of order dt. 11.02.2009 of the Director of Education, without implementing the recommendations of the 6th Pay Commission report. As such the Committee has not only recommended the refund of the fee hiked along with interest @ 9% per annum but has also recommended special inspection of the schools to be carried out by the Director of Education. The recommendations of the individual schools have been

made a part of this report and are annexed herewith. The list of the aforesaid 26 schools is given below: -

S.N.	Ref. No.	Name & Address of School	Page No.
1	A 35	Maharshi Dayanand Public School, Rajouri Garden	460-465
2	A 78	Mukhram Bohoria Saraswati Bal Mandir, Jhatikara More	466-471
3	A 79	Indira Public School, Vill. Nangli Sakrawati, Najafgarh	472-475
4	A 81	Ekta Model Sec. School, Dharampura Extn., Nangloi	476-480
5	A 92	Kushal Public School, Bhagwati Vihar, Uttam Nagar	481-485
6	A 115	Parag Jyoti Public School, Shiv Vihar, Karala	486-490
7	A 131	Vidya Jain Public School, Sector-6, Rohini	491-497
8	A 154	Deen Bandhu Public School, Ghevra	498-503
9	A 156	J.S.S. Khalsa Model School, Budh Vihar Phase-I	504-508
10	A 157	R.M. Navyug Vidya Mandir, Sri Nagar, Shakur Basti	509-513
11	B 14	Little Star Public Secondary School, New Chauhanpur	514-519
12	B 104	Tinu Public School, Sangam Vihar	520-526
13	B 284	Hindon Public Sec. School, Harsh Vihar	527-533
14	B 288	Chand Ram Public School, Nangal Thakran	534-540
15	B 289	K.D. Model School, Bawana Road	541-545
16	B 454	St. Kabir Modern School, Nilothi	546-551
17	B 466	Saraswati Shiksha Mandir, Dwarka	552-556
18	B 528	Dharam Dev Tyagi Public School, Burari	557-561
19	B 592	Indian Convent School, Rohini	562-566
20	B 594	New Manav Bharti Public School, Najafgarh	567-572
21	C 84	Glorious Public School, Sector-9, Rohini	573-580
22	C 213	Shishu Bharti Vidyalaya, Laxmi Nagar	581-586
23	C 308	Nav Jeewan Model School, Vishnu Garden	587-594
24	C 332	Guru Ram Dass Middle School, Tagore Garden	595-599
25	C 369	Saraswati Public School, Milap Nagar	600-605
26	C 400	St. Paul's East Delhi Public School, West Vinod Nagar	606-611

4. Schools in respect of which the Committee has not been able to take a view:

In respect of **39** schools, the Committee has not been able to take a categorical view as, in the case of some schools, complete records were not produced by them for examination by the Committee and in the case of others, the records produced did not inspire any confidence for reasons which are discussed in the case of each individual school. In some cases, the Committee received the report from the Directorate of Education that some schools had simply shut shop without prior approval from the Directorate, while in some other cases, the report was that the schools had not been filing their annual returns under Rule 180 of the Delhi School Education Rules, 1973. In some cases, the schools did not produce any records for scrutiny by the Committee while in some other cases, the records produced appeared to have been fabricated. Since, the Committee does not have any power to compel the schools to comply with its directions, the Committee has recommended special inspection to be carried out by the Director of Education. The recommendations of the Committee in respect of these schools have been made a part of this report and are annexed herewith. The list of these **39** schools is as given below: -

S.N.	Ref. No.	Name & Address of School	Page No.
1	A 118	Rohini Public School, Sector-7, Rohini	612-616
2	A 119	Jyoti Paro Public School, Kavita Colony, Nangloi	617-620
3	A 128	Hind Bal Mandir Sec. School, Najafgarh	621-624

4	A	130	D.C. Convent Sec. School, Dichaon Chowk, Najafgarh	625-628
5	A	137	Shishu Gyan Vidyalaya, Kabool Nagar, Shahdara	629-633
6	A	147	Silver Oak Public School, Saroop Nagar, G.T. Karnal Road	634-638
7	B	73	New Saraswati Public Sec. School, Nangloi	639-643
8	B	203	Bajaj Public School, Prem Nagar	644-647
9	B	226	Guru Yogiraj Jain Public School, Jain Nagar	648-654
10	B	244	Deepanshu Public Sr. Sec. School, Nangloi	655-662
11	B	279	Fair Child Public School, Harsh Vihar	663-667
12	B	281	M.B.M. International School, Ashok Nagar	306-329
13	B	283	Siddhartha International Public School, Dilshad Garden	306-329
14	B	287	Maharishi Dayanand Public School, Bawana	668-672
15	B	680	D.S. Sainik Model Sr. Sec. School, Mundka	673-677
16	C	111	Ring Midways Sr. Sec. Public School, Vipin Garden	678-682
17	C	113	Shiksha Deep Vidyalaya, Vikas Nagar, Hastal	683-686
18	C	115	Hari Krishna Public School, Uttam Nagar	687-692
19	C	152	Gitanjali Public School, Main Wazirabad Road	692A-695
20	C	166	Amar Prem Middle Public School, Shiv Vihar, Karawal Nagar	696-700
21	C	167	S. R. Public School, Sonia Vihar	701-705
22	C	175	Ganga Happy Secondary School, Jagjeet Nagar	706-711
23	C	252	Saraswati Bal Bhawan Middle School, Shivaji Vihar	712-715
24	C	253	St. Robin Public School, Neb Sarai	716-719
25	C	324	Rajdhani Model Public School, Main Burari Road, Sant Nagar	720-724
26	C	349	Anglo Indian Public School, Subhash Vihar, North Ghonda	725-728
27	C	356	Adarsh Bal Vidyalaya, Lalita Park, Laxmi Nagar	729-732
28	C	358	Pandit Nand Ram Model School, Khera Khurd	733-735
29	C	383	Rani Sharda Vidya Mandir, Vishwas Nagar, Shahdara	736-738
30	C	389	U.S.M. Public School, Veena Enclave, Nangloi	739-741
31	C	391	Shiv Shakti Public School, Nihal Vihar, Nangloi	742-744

32	C 392	Arya Public School, Vishal Colony, Nangloi	745-747
33	C 405	Bal Vikas Public School, Khajoori Khas	748
34	C 413	Modern International School, Sect. 19, Dwarka	749
35	C 414	Sharda International School, Mohan Garden, Uttam Nagar	750
36	C 417	St. Gee Varghes Public School, Kalyan Vas	751-754
37	C 418	Greenlite Public School, Geeta Colony	755-757
38	C 419	Andhra Education Society Middle School, Gazipur	758-761
39	C 420	Solanki Secondary Public School, Budh Vihar	762-763

5. Schools in respect of which the Committee found no reason to interfere.


In respect of **31** schools, the Committee has not recommended any intervention as the schools were found to have, either not hiked the fee in pursuance of the order dated 11/02/2009 issued by the Director of Education, or the fee hiked was found to be within or near about the tolerance limit of 10% or the fee hike in absolute terms was not much, or the fee hike was found to be justified, considering the additional burden on account of implementation of Sixth Pay Commission report. Following is the list of the aforesaid **31** schools:

S.N.	Ref. No.	Name & Address of School	Page No.
1	A 141	Shri Tula Ram Public School, Aman Vihar	764-767
2	A 143	Sanatan Dharam Public Middle School, Model Town-II	768-773
3	A 161	Khadijatul Kubra Girls Public School, Okhla	774-779
4	B 18	Joseph & Mary Public School, Burari	780-787
5	B 42	Spring Days Model School, Ashok Vihar	788-795
6	B 62	Adarsh Model School, Pratap Nagar	796-804
7	B 66	Happy Model School, Janakpuri	805-812
8	B 74	Divine Happy Sr. Sec. School, Paschim Vihar	813-819

9	B 81	Brain International School, Vikas Puri	820-826
10	B 84	Indira Ideal Sr. Sec. School, Janak Puri	827-839
11	B 169	Alok Bharti Public School, Sector-16, Rohini	840-846
12	B 229	Vandana Model School, Vishnu Garden	847-851
13	B 253	Gursharan Convent, Paschim Vihar	852-859
14	B 271	Canterbury Public School, Yamuna Vihar	860-867
15	B 275	Kala Niketan Sr. Sec. Bal Vidyalaya, Durgapuri Extension	868-873
16	B 617	Tyagi Public School, Keshav Puram	874-881
17	B 619	St. Mary's Sr. Sec. School, Dwarka	882-893
18	B 637	D.E.S.U. Middle School, Sarai Kale Khan	894
19	C 183	Divya Jyoti Public School, Shiv Vihar	895-898
20	C 353	Lovely Public Middle School, Geeta Colony	899-906
21	C 366	Khalsa Royal Convent School, Guru Angad Nagar	907-911
22	C 378	Shanti Niketan Bal Vidyalaya, Old Seelampur	912-915
23	C 386	Maharaja Agarsen Vidyapeeth, Rohtak Road, Village Mundka	916-921
24	C 395	Gyan Deep Shiksha Niketan, East Azad Nagar	922-925
25	C 398	East End Public School, New Ashok Nagar	926-930
26	C 402	New Cambridge Public Middle School, Jwala Nagar, Shahdara	931-934
27	C 407	Mohyal Public School, Sector-3, R. K. Puram	935
28	C 410	Sahibzada Ajit Singh Public School, Lajpat Nagar-IV	936
29	C 411	S.K. Convent School, Kalkaji	937
30	C 412	Institution for the Blinds, Lajpat Nagar	938
31	C 421	Moti Memorial Public School, Durga Park, Dallupura	939-942


Justice Anil Dev Singh (Retd)
Chairperson


CA J.S. Kochhar
Member


Dr. R.K. Sharma
Member

Happy English School, Geeta Colony, Delhi - 31

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).

2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.

3. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school had hiked the fee in terms of the order of the Director of Education dated 11.02.2009 and had not



TRUE COPY

Page 1 of 7

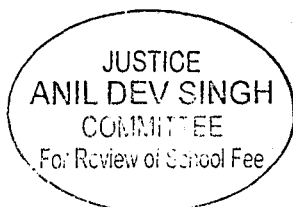

Secretary

implemented the recommendations of the 6th Pay Commission. Accordingly, it was placed in Category 'A'.

4. With a view to verify the returns, the Office of the Committee vide its notice dated 06.06.2012 required the school to appear on 15.06.2012 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire. The notice returned back with the remark of the post office that the school found locked. The Committee issued final notice on 04.07.2012 to the school to produce its financials for verification on 12.07.2012. Again, notice returned back with the postal remarks that the addressee refused to receive the letter.

5. The record received from the concerned Deputy Director of Education of the Directorate of Education, in the first instance, was examined by Smt. Sunita Nautiyal, A.A.O. of the Committee. She observed to the effect that:-

- (i). The school had increased tuition fee in 2009-10 from 20.10% to 23.53% for different classes. During 2010-11 also the hike was by 9.09% to 11.06% for different classes.
- (ii). The school has charged development fee of Rs.970/- per student during 2009-10 and of Rs.1065/- per student in 2010-11.



TRUE COPY

Page 2 of 7

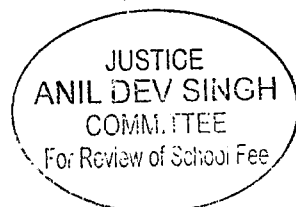

Secretary

13
6. By notice dated 10.12.2013 the school was asked to appear on 09.01.2014 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school. The hearing was pre-poned to 08.01.2014 with due intimation to the school.

7. On 08.01.2014, Shri D. Deepak, Principal and Mrs. K. Malta, Data Entry Operator appeared before the Committee. They submitted reply to the questionnaire and produced the record. The Audit Officer of the Committee was directed to verify the record of the school.

8. Shri N.S. Batra, Audit Officer of the Committee examined the records. He observed to the effect that: -

- (a). The school had hiked the fee in 2009-10 by Rs.200/- for all classes. During 2010-11 also, the hike was within 10%.
- (b). The school had partially implemented the recommendations of the 6th Pay Commission to the extent that the basic pay and grade pay had been paid according to the recommendations but DA and HRA have not been paid as per the report.
- (c). The school did not produce the record of TDS and PF deductions.



TRUE COPY


Secretary

9. The school was directed to appear before the Committee on 24.01.2014 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording another opportunity of hearing to the school.

10. On 24.01.2014, Shri D. Deepak, Principal and Ms. K. Malta, DEO appeared before the Committee. On examination of the salary records and bank statements, the Committee observed that except for two or three teachers, the salary to the rest of them was paid through bearer cheques. It was contended by the school representatives that neither arrears of fee were recovered from the students nor arrears of salary were paid to the staff. It was further contended that the school has charged development fee and the same has been treated as revenue receipt without maintaining separate development fund account and depreciation reserve fund.

11. We have gone through the record, observations of the Audit Officer of the Committee and submissions of the school representatives.



TRUE COPY


Secretary

15
12. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during the years 2009-10 and 2010-11 :-

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
Pre-primary	850	1050	200	1150	100
I	905	1105	200	1215	110
II and III	935	1135	200	1245	110
IV	950	1150	200	1245	95
V	950	1150	200	1265	115
VI and VII	980	1180	200	1295	115
VIII	995	1195	200	1310	115

13. From the above, it is manifest that the increase in fee for all classes during the year 2009-10 was in terms of the order of the Director of Education dated 11.02.2009. During 2010-11 also, the school has hiked the fee by 10%. The school has claimed to have implemented the recommendations of the 6th Pay Commission but the basic pay and grade pay had been paid according to the recommendations and DA and HRA have not been paid as per the report.

TRUE COPY



[Signature]
Secretary

16
The school did not produce the record relating to deductions of TDS and PF. The salary except for two teachers had been paid through bearer cheques. In the light of these facts, the claim of the school that it has implemented the recommendations of the 6th Pay Commission cannot be accepted by the Committee.

RECOMMENDATION

Re. Fee Hike

Since the school has hiked the fee in 2009-10 in terms of the order of the Director of Education dated 11.02.2009 without implementing the recommendations of 6th Pay Commission, we are of the view that the increase in fee in excess of the tolerance limit of 10%, was unjustified. Therefore, the Committee recommends that the fee hike effected by the school in 2009-10 in excess of 10% ought to be refunded along with interest @9% per annum.

Since, the fee hiked in 2009-10 is also part of the fee for the subsequent years, there would be a ripple effect in the subsequent years and the fee of the subsequent years to the extent, it is relatable to the fee hiked in 2009-10 ought also to be refunded along with interest @9% per annum.

TRUE COPY




Secretary

Re. Development Fee

The school has charged development fee in the following manner: -

<u>Year</u>	<u>Amount</u>
2008-09	Rs.4,76,790/-
2009-10	Rs.7,39,370/-
2010-11	Rs.8,27,075/-

With regard to development fee, the Committee is of the view that the school was not complying with any of the pre-conditions prescribed by the Duggal Committee, which were affirmed by the Hon'ble Supreme Court in the case of Modern School Vs. Union of India & Ors. Therefore, development fee collected by school to the tune of Rs.15,66,445/- during 2009-10 and 2010-11 in pursuance of order of the Director of Education dated 11.02.2009 ought to be refunded along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Dated:- 13.03.2014

TRUE COPY

Secretary

Page 7 of 7



S.D. Saraswati Bal Mandir, Sector-22, Rohini, New Delhi - 110 086

18

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).
2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.
3. On examination of the aforesaid returns by the Committee, it, prima facie, appeared that the school had hiked the fee in terms of the order of the Director of Education dated 11.02.2009 and had not implemented the recommendations of the 6th Pay Commission. Accordingly, it was placed in Category 'A'.



TRUE COPY

Secretary

S.D. Saraswati Bal Mandir, Sector-22, Rohini, New Delhi - 110 086

19

4. With a view to verify the returns, the Office of the Committee vide its notice dated 16.07.2012 required the school to appear on 25.07.2012 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire. The school vide its letter dated 25.07.2012 requested for some more time to produce its records. The Committee provided final opportunity to the school to produce its financials for verification on 08.08.2012.

5. On 08.08.2012, Shri B.L. Sharma, Manager of the school appeared before the Committee. He submitted reply to the questionnaire and produced the record. As per the reply, the school had implemented the recommendations of the 6th Pay Commission w.e.f. November, 2009 and had not hiked the fee in terms of the order of the Director of Education dated 11.02.2009.

6. The record, in the first instance, was examined by Shri A.K. Bhalla, Audit Officer of the Committee. He observed to the following effect: -

- (i). The school had increased tuition fee in 2009-10 between Rs.100/- to Rs.200/- for different classes in terms of the order of the Director of Education dated 11.02.2009. During 2010-11, the hike was within 10%.



TRUE COPY

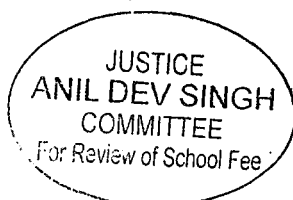
Secretary

S.D. Saraswati Bal Mandir, Sector-22, Rohini, New Delhi - 110 086

- 20
- (ii). The school had not paid full salary to the staff as per the recommendations of the 6th Pay Commission.
- (iii). The salary to the staff had been paid in cash in spite of school having two bank accounts.

7. By notice dated 02.04.2014 the school was asked to appear on 29.04.2014 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school.

8. On 29.04.2014, Shri Babu Lal Sharma, Manager, Shri H.M. Jha, Incharge and Shri Virender Kumar Goel, C.A., of the school appeared before the Committee and provided the records. The representatives of the school contended that the school had hiked the tuition fee by Rs.100/- per month for classes I to VIII and by Rs.200/- per month for classes IX and X. It was fairly conceded that the implementation of the 6th Pay Commission w.e.f. November, 2009 had only been shown in records. Further, about 80% to 90% of salary, even after purported implementation of the report of the 6th Pay Commission had been paid in cash. No TDS was deducted from the salaries on account of the salary of the teachers being below the taxable limit due to the leave taken by the



TRUE COPY


Secretary

S.D. Saraswati Bal Mandir, Sector-22, Rohini, New Delhi - 110 086

21
teachers. The school also filed reply to the questionnaire regarding development fee, contending that the school had not charged development fee from the students.

9. We have gone through the record, observations of the Audit Officer of the Committee and submissions of the representatives of the school. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during the years 2009-10 and 2010-11:

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I to V	400	500	100	550	50
VI to VIII	500	600	100	660	60
IX and X	600	800	200	880	80

10. From the above, it is manifest that the school has increased the fee during the years 2009-10, in terms of the order of the Director of Education dated 11.02.2009. During 2010-11, the fee hike had been within 10%.

11. The school admittedly has not implemented the recommendations of the 6th Pay Commission.

12. The school has not charged development fee from the students.



TRUE COPY

Page 4 of 5

Secretary

S.D. Saraswati Bal Mandir, Sector-22, Rohini, New Delhi - 110 086

RECOMMENDATION

Re. Fee Hike

Since the school has utilised the order of the Director of Education dated 11.02.2009 for enhancing the tuition fee, without implementing the recommendations of 6th Pay Commission, we are of the view that the increase in fee in excess of the tolerance limit of 10%, was unjustified. Therefore, the committee recommends that the fee hike effected by the school in the year 2009-10 in excess of 10% ought to be refunded along with interest @9% per annum from the date of its collection to the date of its refund.

Since, the fee hiked in 2009-10 is also part of the fee for the subsequent years, there would be a ripple effect in the subsequent years and the fee of the subsequent years to the extent, it is relatable to the fee hiked in 2009-10 ought also to be refunded along with interest @9% per annum from the date of its collection to the date of its refund.

Recommended accordingly.

Sd/-

J.S. Kochar
Member

Dated:- 06.05.2014

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Page 5 of 5

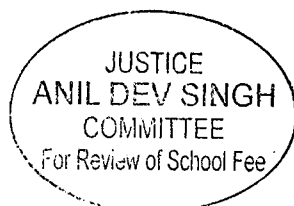


TRUE COPY

Secretary

R.S.M.Convent School, Sagarpur Delhi - 110 046

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).
2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.
3. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school had hiked the fee in terms of the order of the Director of Education dated 11.02.2009 and had not implemented the recommendations of the 6th Pay Commission. Accordingly, it was placed in Category 'A'.



TRUE COPY

Secretary

R.S.M.Convent School, Sagarpur Delhi - 110 046

24

4. With a view to verify the returns, the Office of the Committee vide its notice dated 03.08.2012 required the school to appear on 17.08.2012 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire.

5. On 17.08.2012, Shri S.N. Verma, Manager of the school attended the Office of the Committee. He submitted reply to the questionnaire and produced the record. As per the reply, the school had neither, implemented the recommendations of the 6th Pay Commission nor, hiked the fee.

6. The record, in the first instance, was examined by Shri N.S.Batra, Audit Officer of the Committee. He observed to the effect that: -

- (i). The school had increased tuition fee in 2009-10 between Rs.100/- to Rs.200/- for different classes, in terms of the order of the order dated 11.02.2009 of the Director of Education. During 2010-11, the hike was from Rs.50/- to Rs.70/-, within the range of 10%.
- (ii). The school had not implemented the recommendations of the 6th Pay Commission.



TRUE COPY

Secretary

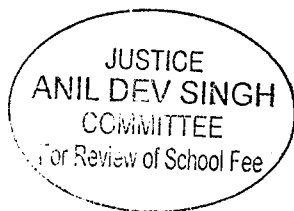
R.S.M.Convent School, Sagarpur Delhi - 110 046

25
7. By notice dated 02.04.2014 the school was asked to appear on 28.04.2014 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school.

8. On 28.04.2014, Shri S.N.Verma, Manager and Shri Pradeep Jain, L.D.C. of the school, appeared before the Committee and provided the records. The representatives of the school filed the reply to the questionnaire regarding development fee. As per the reply the school had not charged development fee from the students. It was contended that the school had hiked tuition fee w.e.f. April 2009, in pursuance of the order dated 11.02.2009 of the Director of Education and had nominally implemented the recommendations of the 6th Pay Commission w.e.f. 01.04.2011.

9. We have gone through the record, observations of the Audit Officer of the Committee and submissions of the representatives of the school.

10. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during the years 2009-10 and 2010-11:



TRUE COPY

Secretary

R.S.M.Convent School, Sagarpur Delhi - 110 046

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I & III	490	590	100	640	50
IV to V	510	710	200	780	70
VI to VIII	570	770	200	840	70

11. From the above, it is manifest that the school has increased the fee during the years 2009-10 for all classes, in terms of the order of the Director of Education dated 11.02.2009. During 2010-11, the fee hike had been less than 10%.

12. The school has claimed to have nominally implemented the recommendations of the 6th Pay Commission w.e.f. 01.04.2011.

13. The school has not charged development fee from the students.

RECOMMENDATION**Re. Fee Hike**

Since the school has hiked the fee in terms of the order of the Director of Education dated 11.02.2009 in 2009-10, without implementing the recommendations of 6th Pay Commission; we are



TRUE COPY

[Signature]
Secretary

R.S.M.Convent School, Sagarpur Delhi - 110 046

27
of the view that the increase in fee in excess of the tolerance limit of 10%, was unjustified. Therefore, the committee recommends that the fee hike effected by the school in 2009-10 in excess of 10% ought to be refunded along with interest @9% per annum from the date of its receipt to the date of refund.

Recommended accordingly.

Sd/-

J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Dated:-30.04.2014



TRUE COPY


Secretary

Satyavati Public School, Ishwar Colony, New Delhi-110043

28

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).
2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.
3. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school had hiked the fee in terms of the order of the Director of Education dated 11.02.2009 and had not implemented the recommendations of the 6th Pay Commission. Accordingly, it was placed in Category 'A'.

Page 1 of 6



TRUE COPY

Secretary

Satyavati Public School, Ishwar Colony, New Delhi-110043

29
4. With a view to verify the returns, the Office of the Committee vide its notice dated 03.08.2013 required the school to appear on 17.08.2013 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire. No one attended the office of the Committee on the scheduled date. The school vide letter dated 21.08.2012 requested for another date to produce its record. The school was directed to produce its record on 03.09.2012.

5. On 03.09.2012, Mrs. Beena Gupta, Principal and Shri Harish Mohan, T.G.T. of the school attended the Office of the Committee and produced the records. Reply to the questionnaire was also filed. As per the reply, the school had implemented the recommendations of the 6th Pay Commission w.e.f. March 2010 and hiked the fee w.e.f. April 2009 in terms of the order of the Director of Education dated 11.02.2009.

6. The record, in the first instance, was examined by Shri A.D. Bhateja, Audit Officer of the Committee. He observed to the effect that:-

- (i). The school increased tuition fee in 2009-10 ranging from Rs.100/- to Rs.200/- in terms of the order of the Director of Education dated 11.02.2009. During 2010-11, the hike had been by 10%.

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

TRUE COPY

Secretary

Satyavati Public School, Ishwar Colony, New Delhi-110043

- 30
- (ii). The school had claimed to have implemented the report of the 6th Pay Commission w.e.f. March 2010, but D.A. had not been paid as per prescribed norms.
 - (iii). The school, neither collected arrear fee from the students, nor arrear of salary had been paid to the staff.
 - (iv). The salaries to the staff were paid in cash and through cheques.

7. By notice dated 02.04.2014, the school was asked to appear on 28.04.2014 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school.

8. On 28.04.2014, Mrs. Beena Gupta, Head-Mistress and Shri Harish Mohan, T.G.T., appeared before the Committee for hearing. It was contended that the school had implemented the report of the 6th Pay Commission w.e.f. March 2010 and had hiked the fee w.e.f. April 2009 in pursuance of the order of the Director of Education dated 11.02.2009.



TRUE COPY


Secretary

Satyavati Public School, Ishwar Colony, New Delhi-110043

3)

It was conceded by them that the salary to the staff was paid in cash and as well as through bearer cheques. No TDS was deducted ever after the purported implementation of the recommendations of the 6th Pay Commission. The school also field reply to the questionnaire regarding development fee. As per the reply, the school had not charged development fee from the students.

10. We have gone through the record, the observations of the Audit Officer and submissions of the school representatives.

11. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during the years 2009-10 and 2010-11 :

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I	360	460	100	500	40
II	370	470	100	510	40
III	390	490	100	530	40
IV	410	510	100	560	50
V	440	540	100	590	50

**TRUE COPY**

Page 4 of 6

Secretary

Satyavati Public School, Ishwar Colony, New Delhi-110043

VI	470	570	100	600	30
VII	490	590	100	620	30
VIII	520	720	200	790	70

12. From the above, it is manifest that the school has hiked fee in the year 2009-10, in terms of the order of the Director of Education dated 11.02.2009. During 2010 the hike was within the range of 10%.

13. The school claimed to have implemented the recommendations of the 6th Pay Commission w.e.f. March 2010, but the salary to the staff is being paid in cash. The school does not deduct TDS. For these reasons, the claim of the school that the report of the 6th Pay Commission has been implemented w.e.f. March 2010 can not be accepted by the Committee.

14. The school has not charged development fee from the students.

RECOMMENDATION**Re. Fee Hike**

Since the school has hiked the fee in terms of the order of the Director of Education dated 11.02.2009 in 2009-10, without implementing the recommendations of 6th Pay Commission; we are of the view that the increase in fee in excess of the tolerance limit of 10% was unjustified. Therefore, the Committee recommends that

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

TRUE COPY

Secretary

Satyavati Public School, Ishwar Colony, New Delhi-110043

33

the fee hike effected by the school in 2009-10 in excess of 10%,
ought to be refunded along with interest @9% per annum from the
date of its collection to the date of its refund.

Recommended accordingly.

Sd/-

**J.S. Kochar
Member**

Sd/-

**Justice Anil Dev Singh (Retd.)
Chairperson**

Sd/-

**Dr. R.K. Sharma
Member**

Dated:- 30.04.2014



TRUE COPY

Secretary

34

Radiant Model School, Nangal Raya, New Delhi - 110 046

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).

2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.

3. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school had hiked the fee in terms of the order of the Director of Education dated 11.02.2009 and had not



TRUE COPY

[Signature]
Secretary

35
implemented the recommendations of the 6th Pay Commission. Accordingly, it was placed in Category 'A'.

4. With a view to verify the returns, the Office of the Committee vide its notice dated 07.08.2012 required the school to appear on 24.08.2012 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire.

5. On 24.08.2012, Ms. Geeta Singh, HM of the school appeared before the Committee. She submitted reply to the questionnaire and produced the record. As per the reply, the school had implemented the recommendations of the 6th Pay Commission w.e.f. July, 2011 and had not increased the fee in terms of the order of the Director of Education dated 11.02.2009.

6. The record, in the first instance, was examined by Shri N.S. Batra, Audit Officer of the Committee. He observed to the effect that:-

- (i). The school had increased tuition fee in 2009-10 in terms of the order of the Director of Education dated 11.02.2009. During 2010-11, the hike was from 14% to 18% for different classes.
- (ii). The school claimed to have implemented the recommendations of the 6th Pay Commission w.e.f. July, 2011, but the school did not



TRUE COPY

Page 2 of 5


Secretary

36
produce salary payment registers for the year 2011-12 to substantiate its claim.

7. By notice dated 11.02.2014 the school was asked to appear on 21.03.2014 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school. The date of hearing was postponed to 26.03.2014 with due intimation to the school.

8. On 26.03.2014, Shri Raghavendra Singh, Manager, Ms. Geeta Singh, Principal and Shri S.K. Sharma, Part-time Account of the school appeared before the Committee. The representatives of the school filed written submissions dated 21.03.2014, contradicting their earlier reply to the questionnaire. In the earlier reply, they had contended that the fee was not hiked in terms of the order of the Director of Education dated 11.02.2009, but now in the written submissions, they have conceded that the school had hiked the fee which was even more than the maximum hike permitted by the aforesaid order for some of the classes. Further, in the year 2010-11 also, the hike in fee was in excess of the tolerance level of 10%. The school had also conceded that the report of the 6th Pay Commission had not been implemented. The representatives



TRUE COPY


Secretary

37
filed reply to the questionnaire regarding development fee, contending that the school had not charged the same.

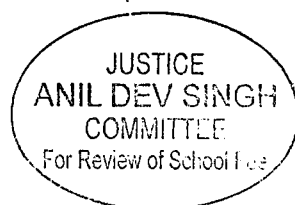
9. We have gone through the record, observations of the Audit Officer of the Committee and submissions of the representatives of the school. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during the years 2009-10 and 2010-11:

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I to II	400	550	150	650	100
III to V	450	550	100	650	100
VI to VIII	550	700	150	800	100

10. From the above, it is manifest that the school has increased the fee during the years 2009-10 more than the maximum hike permitted vide order of the Director of Education dated 11.02.2009. During 201011, the fee hike had been more than 10%.

11. The school has not implemented the recommendations of the 6th Pay Commission.

12. From the record available with the Committee, it appears that the school has not charged development fee from the students.



W
S. S. S.

RECOMMENDATION**Re. Fee Hike**

Since the school has utilised the order of the Director of Education dated 11.02.2009 for enhancing the tuition fee, without implementing the recommendations of 6th Pay Commission, we are of the view that the increase in fee in excess of the tolerance limit of 10%, was unjustified. Therefore, the committee recommends that the fee hike effected by the school in the year 2009-10 in excess of 10% ought to be refunded along with interest @9% per annum from the date of its collection to the date of its refund.

Since, the fee hiked in 2009-10 is also part of the fee for the subsequent years, there would be a ripple effect in the subsequent years and the fee of the subsequent years to the extent, it is relatable to the fee hiked in 2009-10 ought also to be refunded along with interest @9% per annum from the date of its collection to the date of its refund.

Recommended accordingly.

Sd/-

**J.S. Kochar
Member**

Sd/-

**Justice Anil Dev Singh (Retd.)
Chairperson**

Sd/-

**Dr. R.K. Sharma
Member**

Dated : - 22.04.2014

TRUE COPY

Page 5 of 5



Secretary

Biglows Public School, Krishna Nagar, Delhi-110051

39

The school had not replied to the questionnaire sent by the Committee to the school by email on 27/02/2012 which was followed by a reminder dated 27/03/2012. However, the annual returns filed by the school under Rule 180 of Delhi School Education Rules 1973 were received from the office of Dy. Director of Education, Distt. East of the Directorate of Education. On prima facie examination of the records, it appeared that the school had hiked the fee as per order dated 11/02/2009 issued by the Director of Education but had not implemented the VI Pay Commission Report. On the basis of this reply, the school was placed in Category 'A'.

The Committee vide its letter dated 10/09/2012 required the school to produce on 24/09/2012 its fee and salary records, besides its books of accounts. The school was also required to submit its reply to the questionnaire dated 27/02/2012 issued by the Committee. On the scheduled date, Ms. Geeta Suri, Director of the school, appeared and produced the required records. She also filed reply to the questionnaire dated 27/02/2012. As per the reply, the school claimed to have implemented the VI Pay Commission report w.e.f. 01/01/2009, stating that the increased salary was paid w.e.f. 01/07/2009 while for the period 01/01/2009 to 30/06/2009, arrears were paid. It enclosed salary sheet for the month of June 2009 (pre increase) showing total payment of Rs. 1,48,894 (Rs. 1,22,894 by cheques and Rs. 26,000 by cash). It also enclosed salary sheet for the



TRUE COPY

Secretary

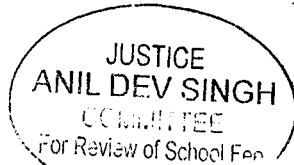
Biglows Public School, Krishna Nagar, Delhi-110051

month July 2009 showing total payment of Rs. 2,13,551 (Rs. 1,68,700 by cheques and Rs. 44,855 by cash). It also enclosed two sheets showing payment of arrears from January 2009 to June 2009 which aggregated Rs. 3,56,196 (all cash).

With respect to fee, it it stated that it had neither recovered any arrear fee nor hiked the regular fee in pursuance of order dated 11/02/2009 issued by the Director of Education.

The records produced by the school were examined by Sh. A.K. Bhalla, audit officer of the Committee on 24/09/2012 and 26/09/2012. He observed that

- (a) The school has been paying salary as per VI Pay Commission report w.e.f. 01/07/2009. However, the allowances, viz. transport allowance, house rent allowance and dearness allowance had not been paid to the staff except for the Vice Principal who was paid transport allowance @ Rs. 3000 per month.
- (b) Though the school claimed to have paid salary through bank, no bank statement was produced in evidence.
- (c) The school had paid Rs. 3,56,196 as arrears.
- (d) The school was charging development fee upto 31/03/2010. No development fee was charged thereafter.
- (e) The school had not been maintaining development fund account and depreciation reserve fund account.

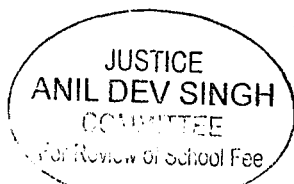


Biglows Public School, Krishna Nagar, Delhi-110051

- 41
- (f) The school has not submitted audited receipt and payment accounts as they are reportedly not prepared.
- (g) The school had increased the fee @ Rs. 108 per month in 2009-10, which amounted to a hike between 12.83% and 14.55% for different classes. The increase in fee in 2010-11 was @ Rs. 133 per month, the hike being between 14% and 15.65%.

In order to provide an opportunity of being heard by the Committee, the school was issued a notice dated 11/02/2014, to appear before the Committee on 27/03/2014. A questionnaire to elicit information specifically about receipt of development fee, its utilisation and maintenance of development fund and depreciation reserve fund, was also issued to the school.

On the scheduled date, Sh. Kaushlinder Arora, Accountant of the school appeared. He filed written submissions dated 26/03/2014 giving the information required by the Committee as per notice dated 11/02/2014. He also filed reply to the questionnaire regarding development fee stating that the same was treating as a revenue receipt and used for routine revenue expenses. However, the books of accounts, salary records, fee records or bank statements were not produced. The representative of the school was partly heard on this date. He contended that the school partially implemented the VI Pay Commission report w.e.f. 01/01/2009, without resorting to fee hike in



Biglows Public School, Krishna Nagar, Delhi-110051

42

terms of order dated 11/02/2009 issued by the Director of Education. For implementing the VI Pay Commission report, the school was provided funds by its parent society. When queried about the source of funds of the society, he contended that at the time of admission, the new students are required to pay certain amounts to the society. The representative of the school was required to produce the audited financials of the society, the books of the accounts of the school, fee and salary records of the school and bank statements of the school. During the course of hearing, it also came out that the school was running a nursery school from the same premises and its revenues and expenses had not been included in the audited financials of the school. When questioned about it, the representative of the school stated that the nursery school was running as an unrecognized school and therefore, its balance sheet was separately prepared. The representative was asked to file the audited financials. On the next date of hearing i.e. 22/04/2014, the school produced the required records, which were perused by the Committee.

Discussion, Determination & Recommendation :

The Committee has considered the returns filed by the school, its reply to the two questionnaires, the observations of the audit officer and the submissions made during the course of hearing, as also the documents produced during the course of hearing. The moot question that is to be considered by the Committee is as to what

JUSTICE
ANIL DEV SINGH
COMMITTEE
Director of School Fee

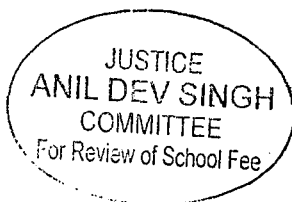
Biglows Public School, Krishna Nagar, Delhi-110051

43

extent the fee was hiked by the school in pursuance of order dated 11/02/2009. The observations of the audit officer of the Committee are perfunctory as they lack detail. He has not set out in the observation sheet as to what was the fee charged by the school in 2008-09, 2009-10 and 2010-11. He has merely stated the amount of fee hike and the percentage of hike. In order to obviate any subjectivity, it would be in order to set forth the actual tuition+ activity fee charged by the school during these three years. The following table shows the actual monthly tuition + activity fee charged by the school during the relevant period.

Class	Tuition Fee + activity fee in 2008-09 (Rs.)	Tuition Fee + activity fee in 2009-10 (Rs.)	Increase in 2009-10 (Rs.)	%age increase	Tuition Fee + activity fee in 2010-11 (Rs.)	Increase in 2010-11 (Rs)	%age increase
I to V	700	800	100	14.28%	900	100	12.50%
VI to VIII	750	850	100	13.33%	950	100	11.76%
IX & X	800	900	100	12.50%	1000	100	11.11%

The Committee is of the view that the school did not pay any arrear salary for the period 01/01/2009 to 30/06/2009, as claimed by it. This is on account of the fact that while the school paid regular salary by cheques, there was no rhyme or reason to pay the arrears which obviously are larger in amounts than monthly pay outs, in cash. It prospectively increased some salaries w.e.f. 01/07/2009 as the audit officer has observed that neither transport allowance nor dearness allowance nor house rent allowance was paid to the staff. This observations has been endorsed to be



5

TRUE COPY

Secretary

Biglows Public School, Krishna Nagar, Delhi-110051

44
correct by the Director of the school by recording on the observation sheet as follows:

"I fully agree with the above observations which are recorded in my presence, as per the records produced by me."

Hence at best, the school nominally implemented the VI Pay Commission report. However, at the same time, the Committee finds that the hike in fee effected by the school in 2009-10 and 2010-11 was not much in excess of the normal hike of 10% which is considered to be reasonable by the Committee taking into account the annual inflation in all expenses. The Committee is therefore of the view that no intervention is required so far as the hike in tuition fee is concerned.

Development Fee:

In reply to the questionnaire issued by the Committee, the school admitted that it had been charging development fee in all the five years for which the information was sought and the same was being treated as a revenue receipt and used for the purpose of incurring revenue expenditure. Obviously no development fund or depreciation reserve fund could have been maintained and was infact not maintained. The Committee is of the view that the school was not following any of the pre conditions prescribed by the Duggal Committee which were affirmed by the Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583. As the mandate of the Committee is to examine the justifiability of the charge of fee pursuant to order dated 11/02/2009 issued by the Director of Education, the Committee is recommending refund of the development fee charged in

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

TRUE COPY

W
Secretary

Biglows Public School, Krishna Nagar, Delhi-110051

45
2009-10 and 2010-11 only along with interest @ 9% per annum. Accordingly to the reply of the school, it charged development fee amounting to Rs. 1,22,250 in 2009-10 and Rs. 1,23,000 in 2010-11. The same ought to be refunded as mentioned above.

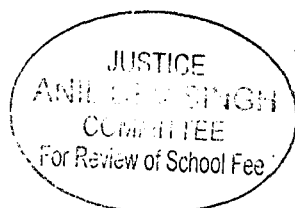
Fee charged by the school from the new students:

During the course of hearing, the representative of the school stated that at the time of new admission, certain amount of fee was charged which was received directly by the society running the school i.e. Biglow's Educational Society (Regd.). He produced the financials of the society which showed Society Charges of Rs. 97,000 in 2009-10 and Rs. 68,000 in 2010-11. He explained that these receipts were charged from the new students and went directly to coffers of the society. Rule 172 of the Delhi School Education Rules, 1973 prohibits any fee contribution or other charge to be collected from any student by the trust or society running any recognized school, whether aided or not. In view of this specific prohibition, the society illegally collected the fee from the new students. The Committee is of the view that such fee collected in 2009-10 (Rs. 97,000) and in 2010-11 (Rs. 68,000) ought to be refunded to the students along with interest @ 9% per annum.

Recommendations:

The Committee makes the following recommendations:

- (1) The school ought to refund development fee of Rs. 1,22,250 charged in 2009-10 and Rs. 1,23,000 charged in 2010-11,**



TRUE COPY

Secretary

Biglows Public School, Krishna Nagar, Delhi-110051

along with interest @ 9% per annum from the date of collection to the date of refund.

(2) The school ought to secure refund of society charges to the students which were recovered from them in 2009-10 amounting to Rs. 97,000 and Rs. 68,000 in 2010-11 and also in later years, along with interest @ 9% per annum from the date of collection to the date of refund. In future, the school ought to stop this practice altogether.

(3) The Director of Education must ensure that the school prepares and submits consolidated financial statements of the Nursery school and the Secondary school as the Nursery school, though unrecognized, acts as the feeder to the secondary school and operates from the same premises.

Recommended accordingly.

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Dated: 28/04/2014



TRUE COPY


Secretary

Surya Public School, Nangloi, Delhi-110041

47

The school had not replied to the questionnaire sent by the Committee to the school by email on 27/02/2012 which was followed by a reminder dated 27/03/2012. However, the annual returns filed by the school under Rule 180 of Delhi School Education Rules 1973 were received from the office of Dy. Director of Education, Distt. West-B of the Directorate of Education. On prima facie examination of the records, it appeared that the school had hiked the fee as per order dated 11/02/2009 issued by the Director of Education but had not implemented the VI Pay Commission Report. On the basis of this reply, the school was placed in Category 'A'.

The Committee vide its letter dated 16/10/2012 required the school to produce on 25/10/2012 its fee and salary records, besides its books of accounts. The school was also required to submit its reply to the questionnaire dated 27/02/2012 issued by the Committee. However, no one appeared on the scheduled date on behalf of the school. However, the Committee received an email from the school requesting for a few days time. On 02/11/2012, Sh. Anil Kumar, an assistant teacher of the school, appeared with an authorization from the Principal. However, he neither produced the complete records nor submitted reply to the questionnaire issued by the Committee. He requested for another opportunity to be provided for doing the needful. Acceding to his request, a last opportunity was provided to produce the relevant records on 16/11/2012. On this

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

TRUE COPY

Secretary

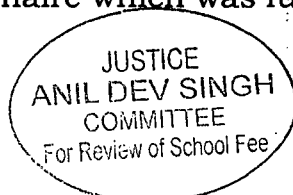
Surya Public School, Nangloi, Delhi-110041

48

date, he produced the required records and also filed reply to the questionnaire dated 27/02/2012. As per the reply, the school claimed to have implemented prospectively the VI Pay Commission report w.e.f. 01/05/2010. It was mentioned that the school had not paid any arrears to the staff nor had it collected any arrear fee. With respect to hike in regular fee, it stated that the fee was hiked w.e.f. 01/04/2009 by approximately Rs. 60 (per month). However, in the annexure to the questionnaire, the school gave information of fee charged prior to 01/04/2009 and w.e.f. 01/04/2009. The following table shows the information furnished by the school with regard to fee charged for different classes in the years 2008-09 and 2009-10.

Class	Tuition Fee in 2008-09 (Rs.)	Tuition Fee in 2009-10 (Rs.)	Increase in 2009-10 (Rs.)	Percentage increase
Pre primary				
I	320	420	100	31.25%
II	350	450	100	28.59%
III	370	470	100	27.02%
IV	380	480	100	26.31%
V	400	500	100	25.10%
VI	420	520	100	23.81%
VII	450	550	100	22.22%
VIII	500	600	100	20%
IX	600	700	100	16.69%
X	700	800	100	14.28%

Hence the information given by the school in reply to the questionnaire was inconsistent with the annexure to the same questionnaire which was furnished by the school.

**TRUE COPY**

Secretary

Surya Public School, Nangloi, Delhi-110041

49
The records produced by the school were examined by Sh. A.K. Bhalla, audit officer of the Committee. He observed, inter alia, as follows:

- (a) The fee records of the school were maintained in such a manner that verification of the fee charged vis a vis the fee mentioned in the fee structure was not possible.
- (b) The school was charging fee under certain heads like pupil's fund, examination fee which had not been shown in the fee structures filed with the Directorate of Education.
- (c) The financials of the school carried compilation reports and not audit reports.
- (d) The school did not hike any fee in 2010-11.

In order to provide an opportunity of being heard by the Committee, the school was issued a notice dated 11/02/2014, to appear before the Committee on 27/03/2014. Vide this notice, complete break up of fee and expenditure on salary besides information regarding accrued liabilities of leave encashment and gratuity, if any were sought. A questionnaire to elicit information specifically about receipt of development fee, its utilisation and maintenance of development fund and depreciation reserve fund, was also issued to the school. On the scheduled date, Sh. Anil Kumar, teacher and authorized representative of the school appeared. He filed



TRUE COPY

Secretary

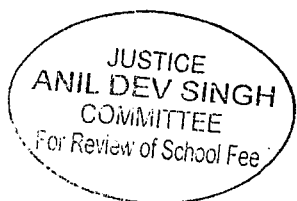
Surya Public School, Nangloi, Delhi-110041

50
reply to the questionnaire regarding development fee stating that the school was not charging any development fee.

During the course of hearing, the representative of the school maintained that the VI Pay Commission report had been partially implemented w.e.f. 01/05/2010. He also admitted that even after partial implementation of VI Pay Commission report, salary was paid in cash. The observations made by the audit officer were not controverted nor the information sought vide notice of hearing dated 11/02/2014 was provided.

Discussion & Determination:

Even if the contention of the school that it partially implemented the VI Pay Commission w.e.f. 01/05/2010 is accepted, the Committee is of the view that there was no justification in hiking the fee during the financial year 2009-10 in so far as the hike was in excess of 10%. The Committee is therefore of the view that the hike in fee effected by the school in excess of 10% in 2009-10 was not justified and this amount ought to be refunded to the students along with interest @ 9% per annum. However, the Committee is not recommending refund of any part of fee for the subsequent years in view of the fact that the school did not increase the fee in 2010-11. The Committee does not express any view with regard to the partial implementation of VI Pay Commission report w.e.f. 01/05/2010 as claimed by the school as it



Surya Public School, Nangloi, Delhi-110041

51

feels that in view of its findings, such an exercise is not required to be undertaken.

Recommendations:

In view of the foregoing discussions, the Committee recommends that the tuition fee hiked by the school in 2009-10, in so far as the hike exceeds 10%, ought to be refunded along with interest @ 9% per annum from the date of collection to the date of refund.

Recommended accordingly.

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Dated: 11/04/2014

jsk

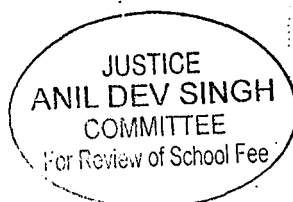
**TRUE COPY**


Secretary

Vidya Bal Bhawan, Mayur Vihar-III, Delhi-110096

52

The annual returns of the school filed under Rule 180 of Delhi School Education Rules, 1973 were received from the office of the Dy. Director of Education, East District. However, the Committee had not received any reply to the questionnaire dated 27/02/2012 issued by it. Vide letter dated 04/10/2012, the school was directed to file its reply to the questionnaire. In response, the school letter dated 08/10/2012 stated that the reply had already been sent on 05/03/2012 by speed post. A copy of the reply was enclosed with the letter. In its reply to the questionnaire, the school stated that it had implemented the VI Pay Commission report w.e.f. 1st July 2009 and had also paid arrears of salary on account of retrospective application of VI Pay Commission report. However, in the Annexure-I enclosed with the reply, the school gave absurd figures of pre implementation and post implementation salaries. The pre implementation salary was stated to be Rs. 2,41,439 per month while the post implementation salary was stated to be Rs. 12,10,716. Ex facie, these figures were wrong. The school also enclosed Annexure -II to the reply, vide which it stated that the school had paid Rs. 25,38,644 as arrears of salary for the period 01/01/2006 to 31/08/2008 and Rs. 36,84,675 for the period 01/09/2008 to 30/06/2009. Vide Annexures III & IV, the school gave its student strength and the fee charged annually for the years 2008-09 and 2009-10. From the figures given by the school, it was deduced that the school hiked fee by Rs. 200 per month for classes Nursery to X and Rs. 300 per month for classes XI & XII. Vide



1 TRUE

Secretary

Vidya Bal Bhawan, Mayur Vihar-III, Delhi-110096

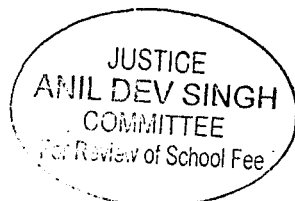
53

Annexure-V of the reply, the school gave details of arrear fee collected from the students of different classes, the total of which amounted to Rs. 47,43,967. Based on this reply, the school was placed in Category 'B'.

Preliminary calculations were made by the Chartered Accountants attached with the Committee. However, since the calculations were made on the basis of the figures, some of which were absurd, the same had to be discarded. Instead, the Committee was of the view that the fact of implementation of VI Pay Commission report had first to be verified and the statement of the school could not be taken at its face value. Therefore, the Committee vide letter dated 17/07/2013 required to the school to produce on 12/08/2013, its salary records, fee records, books of accounts, bank statements provident fund returns and TDS returns. The Committee also issued a revised questionnaire to be answered by the school and this included specific queries regarding receipt and utilisation of development fee and other connected issues. On the scheduled date, Sh. V.K. Gupta, Chartered Accountant, an authorized representative of the school appeared and filed reply to the revised questionnaire. He also produced the other records as required vide the Committee's notice. The school once again repeated the absurd figures of pre implementation and post implementation monthly salaries as were given by it in its earlier reply.

TRUE COPY

2

A handwritten signature in black ink above the word "Secretary".
Secretary

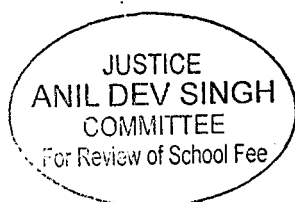
Vidya Bal Bhawan, Mayur Vihar-III, Delhi-110096

54

The records produced by the school were examined by Sh. A.D. Bhateja, audit officer of the Committee. He observed as follows:

- (a) The school had implemented the VI Pay Commission report w.e.f. July 2009. Before its implementation, the monthly salary bill was Rs. 11,93,352 which rose to Rs. 14,28,583 after its implementation. Thus the additional expenditure on salary on implementation of VI Pay Commission report was 2,35,231. The salary was paid by account payee cheques as well as by bearer cheques and in cash. He estimated that 85% of salary was paid by account payee cheques.
- (b) The school had not produced the fee receipts books, fee registers and fee structures and hence the same could not be verified. For producing these records, another date i.e. 26/08/2013 was given. These records were produced on this date and it was observed that the school had increased the tuition fee of classes I to X by Rs. 200 per month and of classes XI & XII by Rs. 300 per month in 2009-10.

In order to provide an opportunity of hearing to the school, the Committee issued notice dated 21/11/2013 for hearing on 25/11/2013. On this date, Sh. V.K. Gupta, Chartered Accountant, appeared with Sh. Satvir Sharma. They were partly heard by the Committee. During the course of hearing, payment of salary arrears was sought to be verified from the bank statements. The representatives of the school were not able to co-relate the entries of



3

T. K. Gupta

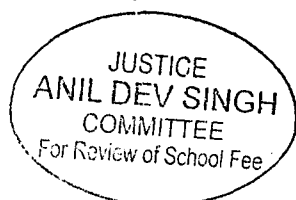
Secretary

Vidya Bal Bhawan, Mayur Vihar-III, Delhi-110096

55
payment of arrears with the books of accounts, bank statements, PF returns and TDS returns. They sought time to file the relevant details. At their request, the hearing was adjourned to 10/12/2013. On this date, no one appeared but a request letter was received from the school seeking more time on account of illness of their Chartered Accountant. The request was acceded to by the Committee and the next hearing was fixed for 24/01/2014. On this date, Sh. V.K. Gupta, appeared with Dr. H.D. Sharma, Manager and Ms. Preeti, Accounts Assistant of the school. They produced register showing payment of arrears with bank statements. On examination of the same, the Committee observed that except for one or two teachers, the arrears to all the staff members were paid by bearer cheques and no TDS was deducted from the payment of arrears. Further, almost all the cheques had been encashed together from the bank on the same date. The arrears payment were substantial and in some cases even exceeded Rs. 90,000. In one case, it was Rs. 1,03,854. Further, no TDS was deducted from such heavy payments of arrears. The Committee further observed that even the regular salary was being paid by bearer cheques, without deduction of TDS and all the cheques were encashed together from the bank on the same date.

Discussion and determination regarding tuition fee:

The Committee has perused the returns of the school filed under Rule 180 of the Delhi School Education Rules, 1973, its reply to the questionnaire, the observations of the audit officer and the

4
TRUE COPY
Secretary

Vidya Bal Bhawan, Mayur Vihar-III, Delhi-110096

56

submissions made by the representatives of the school during the course of hearing. On consideration of the totality of the facts, the Committee is of the view that the school neither paid any arrears of salary to the staff nor it implemented the VI Pay Commission report. The same is shown to have been implemented only in papers. There is absolutely no justification for payment of heavy amounts of arrears or even regular salary by means of bearer cheques. When the school has balance in the bank account and salary is paid by cheques, it would have been paid either by crossed account payee cheques or by bank transfer. Further, the circumstance that all the cheques are encashed together on the same date leads to the irresistible conclusion that the cash is withdrawn by one of the representatives of the school after getting the signatures of the staff members on the back of the cheques. This conclusion is reinforced by the fact that no TDS was deducted from such payments.

In view of the finding by the Committee that the school did not pay any arrears of salary nor it implemented the recommendations of VI Pay Commission even prospectively, the Committee is of the view that the school was not justified in either recovering the arrear fee amounting to Rs. 47,43,967, which the school itself admitted to have recovered nor was the school justified in hiking the monthly tuition fee by Rs. 200 per month for classes I to X and Rs. 300 per month for classes XI & XII as the hike was in excess of 10% as per the table below:



5

TRUE COPY

Secretary

Vidya Bal Bhawan, Mayur Vihar-III, Delhi-110096

57

Class	Monthly Tuition Charged 2008-09	Monthly fee in	Monthly Tuition charged 2009-10	Fee in	Increase in 2009-10	Percentage increase
Pre primary	800		1000		200	25%
I	800		1000		200	25%
II	800		1000		200	25%
III	800		1000		200	25%
IV	800		1000		200	25%
V	800		1000		200	25%
VI	900		1100		200	22.22%
VII	900		1100		200	22.22%
VIII	900		1100		200	22.22%
IX	1000		1200		200	20%
X	1000		1200		200	20%
XI	1450		1750		300	20.68%
XII	1450		1750		300	20.68%

The Committee is therefore of the view that the school ought to refund the entire amount of arrear fee amounting to Rs. 47,43,967 recovered by it along with interest @ 9% per annum. Further, the tuition fee hiked by the school in 2009-10, to the extent it is in excess of the tolerance limit of 10%, ought also be refunded along with interest @ 9% per annum. Interest in both the cases to be calculated from the date of collection of fee to the date of its refund. Further, as the finding of the Committee is that the school in actual fact did not implement the VI Pay Commission report, there would be a ripple effect in the fee for the subsequent years and to the extent the fee for the subsequent years is relatable to the fee refundable for 2009-10, ought also be refunded along with interest @9% per annum from the date of its collection to the date of refund.

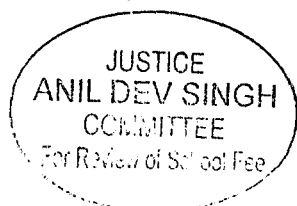
JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

Discussion and determination regarding development fee:

58

In reply to the revised questionnaire, the school submitted that it had collected development in 2009-10 and 2010-11 and the same was treated as a revenue receipt. In 2009-10, the total collection by way of development fee was Rs. 6,75,401 which was spent on routine revenue expenses like "activity expenses, functions, housekeeping, sports, audio vision, swing, laboratory expenses etc." In 2010-11, the collection on account of development fee was Rs. 30,79,610. However, no details of its utilisation was given by the school. Further, in its reply the questionnaire, the school stated that no depreciation reserve fund was maintained. This is obvious because the school did not utilise the development fee for creation of any eligible assets but spent the same on revenue expenses.

In view of the foregoing facts, which have been admitted by the school, the Committee is of the view that the school was not fulfilling any of the pre conditions prescribed by the Duggal Committee for charging the development fee which were affirmed by the Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583. Therefore, the school was not justified in charging any development fee and the amounts recovered by way of development fee in 2009-10 and 2010-11 ought to be refunded along with interest @ 9% per annum from the dates of their collection to the date of refund.



59

Recommendations:

In view of the foregoing determinations, the Committee is of the view that the school ought to refund the following amounts along with interest @ 9% per annum from the date of collection to the date of refund:

Arrear fee received	Rs. 47,43,967
Tuition fee for 2009-10 onwards	Fee hiked in 2009-10 in excess of 10% and fee for the subsequent years to the extent relatable to the amount of refund out of fee for 2009-10
Development fee for 2009-10	Rs. 6,75,401
Development fee for 2010-11	Rs. 30,79,610

Recommended accordingly.

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Dated: 11/04/2014



TRUE COPY

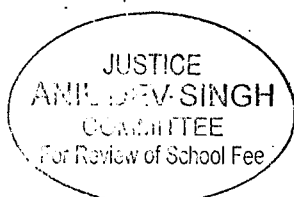
Secretary

Lovely Rose Public School, Yamuna Vihar, Delhi-110053

60

In reply to the questionnaire dated 27/02/2012 issued by the Committee, the school vide its letter dated 28/02/2012 submitted that it had implemented the VI Pay Commission Report w.e.f. 01/04/2009. With regard to arrear salary from 01/01/2006 to 31/03/2009, it was stated that the same was not paid and at the same time the school had not recovered arrear fee from the students. With regard to fee hike, it was stated that the school had hiked the fee w.e.f. 01/04/2009 in accordance with order dated 11/02/2009 issued by the Director of Education. The school also furnished the detail of tuition fee charged in 2008-09 and 2009-10 as per which the school had increased the fee for classes I & II by Rs. 170 per month, for classes III to VIII by Rs. 200 per month and for classes IX & X by Rs. 300 per month. Based on this reply, the school was initially placed in Category 'B'.

Preliminary calculations of funds available with the school and the funds generated by way of fee hike vis a vis the additional liability of the school on account of implementation of VI Pay Commission Report were made by the Chartered Accountants detailed with the Committee. As the school claimed to have increased the fee w.e.f. 01/04/2009, the balance sheet of the school as on 31/03/2009 was taken as the basis for calculation of funds available with the school at the threshold for the purpose of implementation of VI Pay Commission



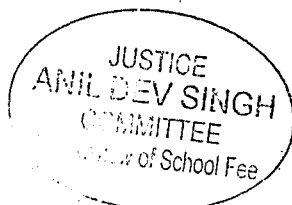
TRUE COPY
Secretary

61
Report. As per the preliminary calculations, the school had net current assets + investments to the tune of Rs. 6,22,481 as on 31/03/2009. The additional revenue generated by way of fee hike was Rs. 22,30,320 while the additional burden on account of implementation of VI Pay Commission Report was Rs. 38,09,937.

In order to verify the implementation of VI Pay Commission Report, the school, vide letter dated 23/09/2013, was required to produce its fee, salary and accounting records on 21/10/2013. As the school was also found to be charging development fee, a questionnaire specifically regarding the collection and utilisation of development fee as well as maintenance of depreciation reserve fund and development fund, was issued to the school. The school produced the required records through Sh. Jai Singh, Educational Advisor and Sh. Ashok Kumar, part time accountant. The records produced by the school were verified by Sh. A.D. Bhateja, audit officer of the Committee and he observed that the school had not produced the fee receipt books for the years 2008-09 to 2010-11. It was also observed by him that:

- (1) The school actually implemented the VI Pay Commission Report w.e.f. 01/07/2009 and not 01/04/2009 as stated by it in its reply to the questionnaire. However, the school paid arrears for the period 01/04/2009 to 30/06/2009 which amounted to Rs. 8,65,791;
- (2) The salary to the staff was paid by bank transfer;

TRUE COPY



Secretary

62

- (3) The school had deducted TDS and provident fund from the salaries;
- (4) The school had hiked the tuition fee by Rs. 200 per month for students of pre-primary classes, by Rs. 220 per month for classes I & II, by Rs. 200 per month for classes III to VIII and by Rs. 300 per month for classes IX & X, which were the maximum hikes permitted by order dated 11/02/2009. In fact for class I & II, the hike was more than the maximum hike permitted by Rs. 20 per month; and
- (5) The books of accounts were maintained properly.

In order to provide an opportunity of hearing to the school, the Committee issued notice dated 21/11/2013 for hearing on 25/11/2013. On this date, Sh. N.K. Bansal, Manager of the school appeared with Sh. Jai Singh, Education Advisor, Sh. Brijesh Gupta, Chartered Accountant and Sh. Ashish Kumar, Accountant. They were heard by the Committee. They also filed reply to questionnaire regarding development fee giving the details of development fee recovered by the school from 2006-07 to 2010-11 and the manner of its utilisation. It was also mentioned that the development fee was treated as a revenue receipt and no development fund or depreciation reserve fund were maintained by the school.

Submissions:

During the course of hearing, the school contended

TRUE COPY



- 62
- (i) That the school had neither paid arrears of salary nor collected any arrear fee from the students in terms of order dated 11/02/2009 issued by the Director of Education.
 - (ii) The tuition fee was hiked w.e.f. 01/04/2009.
 - (iii) The salary was increased w.e.f. 01/07/2009 and arrears for the period 01/04/2009 to 30/06/2009 were paid. However, full allowances as per VI Pay Commission were not paid.
 - (iv) On query from the school regarding an income of Rs. 2,74,195 appearing in Income & Expenditure account for 2009-10, the representatives of the school after verifying from the fee receipts, contended that a miscellaneous fee of Rs. 100 per quarter was recovered during the year. It was conceded that this new levy does not form part of the fee schedule submitted by the school under section 17(3) of the Delhi School Education Act, 1973.
 - (v) The development fee was treated as a revenue receipt by the school and expended on routine revenue expenses.

Discussion:

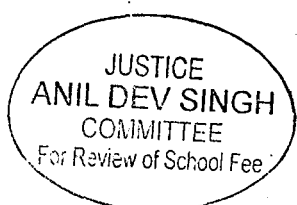
The Committee has perused the returns of the school filed under Rule 180 of the Delhi School Education Rules, 1973, the reply submitted by the school to the two questionnaires issued by the Committee, the preliminary calculations prepared by the Chartered



64 Accountants, the observations of the audit officer and the submissions made by the school during the course of hearing. With the assistance of the representative of the school, the following figures have been culled out from the records and audited financials:

Particulars	F.Y. 2008-09	F.Y. 2009-10	Increase in 2009-10
Tuition fee	83,76,220	99,57,300	15,81,080
Misc. fee	0	2,74,195	2,74,195
Salary + PF	81,64,739	1,15,50,388	33,85,649

It would be apparent from the above figure that the additional liability on account of implementation of VI Pay Commission Report, as represented by the increase in Salary + PF in 2009-10 was of the order of Rs. 33,85,649 while the revenue generated by the school by way of hike in tuition fee was Rs. 15,81,080. Even if the funds available with the school as on 01/04/2009 amounting to Rs. 6,22,481 are considered, the shortfall works out to Rs. 11,82,088 and that too without considering the accrued liability of gratuity and leave encashment and the requirement of the school to maintain a reserve equivalent to four months' salary for future contingencies. These would be considered if we arrive at a decision of refunding the fee after considering the issue of development fee. However, the Committee is of the view that the levy of misc. fee of Rs. 100 per quarter by the school is wholly unauthorized as the school cannot charge any fee



65
which is not reported to the Director of Education under section 17(3) of the Delhi School Education Act, 1973 before the start of the academic year. The aggregate amount of such fee which is **Rs. 2,74,195, ought to be refunded to the students along with interest @ 9% per annum.**

Development Fee:

In reply to the questionnaire regarding development fee issued by the Committee and also during the course of hearing, the school contended that it had charged development fee in all the five years (2006-07 to 2010-11) for which the information was sought by the Committee. It was mentioned that the development was treated as a revenue receipt and expended on routine revenue expenses. Further, no development fund or Depreciation reserve fund were maintained. Thus none of the pre conditions for levy of development fee as prescribed by the Duggal Committee, which were affirmed by the Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583 , is being fulfilled. The Committee is therefore of the view that that the school was not justified in charging the development fee. However, since the mandate of the Committee is to examine the hike in fee pursuant to order dated 11/02/009 issued by the Director of Education, the Committee would have recommended the refund of development fee charged in 2009-10 amounting to Rs. 12,68,600 and Rs. 13,45,525 charged in 2010-11, thus aggregating Rs. 26,14,125. However, as noted supra, the school



TRUE COPY


Secretary

66
 was in deficit to the tune of Rs. 11,82,088 in the tuition fee account consequent to implementation of VI Pay Commission Report. The amount that remains after adjusting the aforesaid deficit is Rs. 14,32,037. The annual expenditure on salary for the year 2009-10 was Rs. 1,15,50,388 and based on this, four months salary works out to Rs. 38,50,129 which in view of the Committee, the school ought to have in reserve. When this is considered against the backdrop of the excess development fee determined by the Committee, the school did not have sufficient funds for such purpose. In this view of the matter, the Committee refrains from recommending refund of any part of development fee.

Recommendations:

In view of the foregoing discussion, the Committee is of the view that no intervention is required either in the matter of tuition fee or in the matter of development fee. However, the school ought to refund the amount of Rs. 2,74,195 which was charged unauthorisedly, along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

Dr. R.K. Sharma
Member

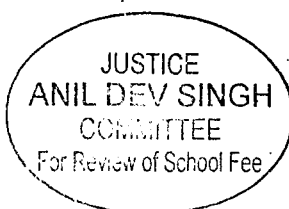
Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 12/12/2013



TRUE COPY

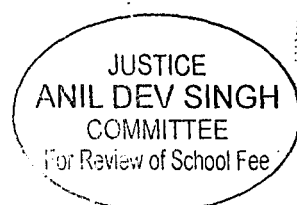

Secretary

Shadley Public School, Rajouri Garden, New Delhi-110027

67

In reply to the questionnaire dated 27/02/2012, issued by the Committee by email, the school, vide its reply dated 05/03/2012, stated that it had implemented the VI Pay Commission report w.e.f. July 2009. It had also paid arrears of salary on account of implementation of VI Pay Commission report in three installments, the amount of which aggregated to Rs. 38,16,215. With regard to hike in fee, it admitted that the fee had been hiked in accordance with order dated 11/02/2009 issued by the Director of Education. The hike was effective from 01/09/2008. It also gave detail of the pre increase tuition fee and the post increase tuition fee along with the number of students. Besides, it also admitted to have recovered arrear fee as envisaged in the aforesaid order dated 11/02/2009 and the total collection in three installments was stated to be Rs. 38,16,215. This indicates that the school claimed to have paid arrears of salary to the extent it recovered arrears of fee. Based on this reply, the school was placed in Category 'B'.

In order to verify the factum of implementation of VI Pay Commission report and the extent of fee hike, the Committee issued a notice dated 09/07/2013, requiring the school to produce on 22/07/2013, its fee records, salary records, books of accounts, bank statements, provident fund returns and TDS returns. A questionnaire for eliciting information regarding development fee was also issued. However, on 17/07/2013, a letter was received from the school that it may be provided with more time as the time given to the school was too short to compile the documents asked for by the Committee. Acceding to the request of the school, final opportunity was given to produce the required records on 26/08/2013.



TRUE COPY
✓
Secretary

Shadley Public School, Rajouri Garden, New Delhi-110027

68

On the scheduled date, Ms. Kusum Maggo, Accountant and Sh. Barun Nath, Office Executive of the school appeared and produced the required records. She also filed copies of the annual returns filed by the school under Rule 180 of the Delhi school Education Rules, 1973 as it was observed by the Committee that the set of returns received from the district office of the Directorate of Education contained only provisional financials and not audited ones. The school also filed its reply to the questionnaire regarding development fee, which will be adverted to when we discuss the issue of development fee. The records produced by the school were examined by Sh. A.D. Bhateja, Audit officer of the Committee. He observed as follows:

- (a) The pre and post implementation salary was not being paid as per the norms. The school implemented the VI Pay Commission report w.e.f. 01/07/2009 but it was observed that grade pay was not being paid and HRA was paid @ 10% only. Similarly DA was not paid as per the norms.
- (b) The salary bill of the school for the month of June 2009 (pre implementation) was Rs. 6,87,165 which rose to Rs. 9,63,445 for July 2009 (post implementation).
- (c) The school had hiked tuition fee by Rs. 300 per month in 2009-10 for classes I to XII. In 2010-11, although at first sight, the hike appeared to be excessive, on closer look, it was found that the same was on account of the fact that different components of fee had been merged in tuition fee. When considered in totality, the overall hike was within 10%.



2

TRUE COPY

Secretary

Shadley Public School, Rajouri Garden, New Delhi-110027

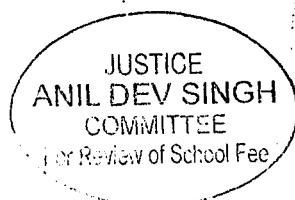
69

(d) No discrepancy was observed in maintenance of books of accounts.

The observations of the audit officer were endorsed by the representatives of the school by recording on the order sheet as follows:

"I agree with the above observations which are as per school records."

In order to provide an opportunity of hearing to the school, the Committee issued notice dated 21/11/2013 for hearing on 27/11/2013. However, the committee received a request letter dated 22/11/2013 from the school for adjournment on account of pre occupation of the Chartered Accountant of the school. Acceding to the request of the school, a fresh hearing was fixed for 09/12/2013. On this date, Sh. Naveen Madan, Chartered Accountant appeared with Ms. Kusum Maggo, Accountant and Sh. Barun Nath, Office Executive of the school. They were partly heard by the Committee. It was contended by them that the school paid the entire arrear fee collected from the students amounting to Rs. 38,16,215, as arrear salary in three installments. It was further contended that the school was not required to pay any more amount on account of arrear salary. However, since the representatives of the school had not brought the arrear payment sheet and ledger accounts, they sought time to produce the same. The matter was accordingly adjourned to 20/01/2014. On this date, Ms. Kusum Maggo and Sh. Barun Nath again appeared and filed ledger accounts of arrear salary (with bank statements evidencing payment of the same) and arrear fee account. The representative of the school further contended that it had accrued liability of gratuity as well as leave encashment but did not produce details thereof. The hearing was concluded on this date with liberty



3

TRUE COPY

W
Secretary

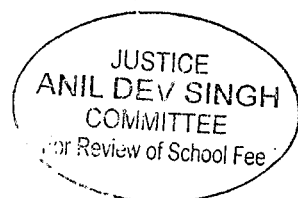
Shadley Public School, Rajouri Garden, New Delhi-110027

70 granted to the school to file details of accrued liability of gratuity and leave encashment as on 31.03.2008 and 31.03.2010, within two weeks. The school, vide letter dated 30/01/2014, stated that as on 31/03/2008, its accrued liability of gratuity was Rs. 16,28,901 and that for leave encashment was Rs. 4,68,164 while as on 31/03/2010, the corresponding figures were Rs. 34,88,194 and Rs. 10,43,041. However, no employee wise detail of the working of these figures was filed.

Discussion & Determination :

The Committee has considered the submissions of the school as also its reply to the questionnaires and the observations of the audit officer.

While it is true that the school did not fully implement the VI Pay Commission Report, as observed by the audit officer, it is also true that the claim of the school of having substantially implemented the same is correct and cannot be brushed aside. This is on account of the fact that the payments of salary were by and large being made by unimpeachable mode of bank transfer. Moreover the school was also making deductions for TDS. The accounts of the school inspire confidence. The implementation of the VI Pay Commission report, to the extent it was implemented, resulted in almost 40% increase in the monthly expenditure on salary. Therefore, the issue to be considered by the Committee is whether, the fee hiked by the school in pursuance of order dated 11/02/2009 was justified or it was excessive. The Committee has made the relevant calculations based on the audited balance sheet of the school as on 31/03/2008. The Committee has determined that the school did not have any funds available with it as on 31/03/2008. The position of net current asset of the school as on 31/03/2008 is as follows:



TRUE COPY

✓
Secretary

Shadley Public School, Rajouri Garden, New Delhi-110027

	Particulars	Amount (Rs.)	Amount (Rs.)
	<u>Current Assets</u>		
	Cash in hand	3,167	
	Bank Balance	18,477	
	Advance to Mrs. Rashmi Sachdeva	6,058	
	PNB Student Sec. FD Loan Account	8,300	
	Shadley Pub. School Student Sec.	128,442	164,444
Less:-	<u>Current Liabilities</u>		
	Students Security	432,374	
	Advance Fee	254,605	
	TDS Payable	19,785	
	Expenses Payable	560,403	
	UTI A/c No.275446	14,882	
	Sundry Creditors	877,462	2,159,511
	Net Current Assets		(1,995,067)

The negative net current asset as on 31/03/2008 shows that the school had been diverting short term funds generated on account of fee received from the students, into fixed assets. The school was generating cash revenue surplus and there was no plausible reason for the net current assets to be in negative. The Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583, while dealing with the aspect of capital expenditure to be recovered as part of fee, observed as follows:

"Section 18(3) is to be read with Rule 175. Reading the two together, it is clear that each item of income shall be accounted for separately under the common head, namely, Recognised Unaided School Fund. Further, Rule 175 indicates accrual of income unlike Rule 177 which deals with utilisation of income. Rule 177 does not cover all the items of income mentioned in Rule 175. Rule 177 only deals with one item of income for the school, namely, fees. Rule 177(1) shows that salaries, allowances and

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

TRUE COPY

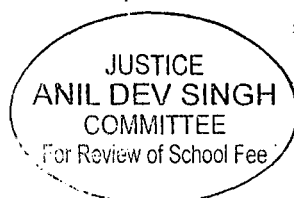
N
Secretary

Shadley Public School, Rajouri Garden, New Delhi-110027

72
benefits to the employees shall constitute deduction from the income in the first instance.

That after such deduction, surplus if any, shall be appropriated towards pension, gratuity, reserves and other items of appropriations enumerated in Rule 177(2) and after such appropriation the balance (savings) shall be utilised to meet capital expenditure of the same school or to set up another school under the same management. Therefore, Rule 177 deals with application of income and not with accrual of income. Therefore, Rule 177 shows that salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings. **Therefore, capital expenditure cannot constitute a component of the financial fee structure as is submitted on behalf of the schools."**

Perusal of the Income & Expenditure Account of the school shows that, barring small receipts as interest on bank deposits, the school did not have any other source of income except fee from the students. The school has net fixed assets of Rs. 1,39,78,443 as on 31/03/2008. They have been mainly funded through cash surpluses generated over the years, and secured and unsecured loans. The repayment of these loans and payment of interest thereon is also being made out of the fee receipts. Hence, the Committee is of the view that the school was taking capital expenditure into account while fixing its fee and such expenditure formed part of the fee structure of the school. In view of the judgment of the Hon'ble Supreme



TRUE COPY


Secretary

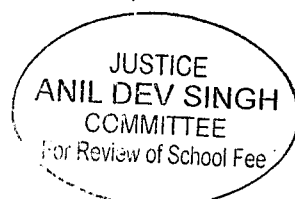
Shadley Public School, Rajouri Garden, New Delhi-110027

73
Court as cited supra, the school was not justified in diverting its fee income for capital expenditure. However, such expenditure has become a fait accompli and cannot be retrieved. In the circumstances, the Committee is of the view that for the present exercise of examining justifiability of hike in fee for the purpose of implementation of VI Pay Commission report, the funds available with the school at threshold are taken as NIL and no allowance is allowed to the school for keeping any funds reserved for future contingencies or to cover its accrued liabilities for gratuity and leave encashment. In any case the school has not furnished the employee wise details of such accrued liabilities and these cannot be allowed for this reason also.

The Committee notes that the school practically paid the entire amount of arrear fee recovered as arrear salary. Further, the Committee notes that the incremental expenditure on salary for the period 01/07/2009 to 31/03/2010 was Rs.2,76,280 per month. Hence the total incremental salary for nine months of 2009-10 was Rs. 24,86,520. The total incremental fee recovered from the students @ Rs. 300 per month from 755 students works out to Rs. 27,18,000 for the full year. Considering that some students might not have paid the incremental fee on account of their being in EWS or other exempted categories, the Committee is of the view that the incremental fee matches with the incremental salary and therefore so far as tuition fee is concerned, the Committee does not recommend any refund.

Development Fee:

In reply to the questionnaire regarding development fee issued by the Committee, the school stated that it was charging development fee and provided the details of such fee charged from 2006-07 to 2010-11 along with



TRUE COPY

Secretary

Shadley Public School, Rajouri Garden, New Delhi-110027

the utilisation. Further it was stated that the school had been treating the development fee as a revenue receipt in its accounts. However, it was claimed that it was utilised for the prescribed purposes.

The school gave the following details as regards collection and utilisation of development fee from 2006-07 to 2010-11:

Year	Opening balance of unutilised development fee	Development fee received (Rs.)	Development Fee utilised (Rs.)	Unutilised development fee at year end (Rs.)
2006-07	Not furnished	10,93,255	2,85,028	8,08,227
2007-08	8,08,227	10,97,145	33,22,830	-14,17,458
2008-09	-14,17,458	12,42,265	6,26,476	-8,01,669
2009-10	-8,01,669	15,84,580	23,44,902	-15,61,991
2010-11	-15,61,991	19,88,970	14,63,101	-10,36,122

Further, the school stated that no development fund account or depreciation reserve fund account were maintained as there was no surplus out of the development fee.

As would be apparent from the submissions as per the above table, the school seems to be playing with the figures. The school cannot claim to have spent more money than it raised by way of development fee. Had the school been maintaining a separate development fund account, it would have realised that it cannot spend more than what is available with it. Moreover, the utilisation of development fund as given by the school in reply to the questionnaire includes purchase of school bus for Rs. 11,73,000 and a car for Rs. 16,00,000 in the year 2007-08. Similarly, the school claims



Shadley Public School, Rajouri Garden, New Delhi-110027

75
purchase of a motor vehicle for Rs. 21,49,000 in 2009-10 out of development fund. Again in 2010-11, the school claims a sum of Rs. 12,05,000 to have been spent for a school bus. These items do not qualify as eligible items to be purchased out of development fund which is meant for purchase of and upgradation of furniture, fixtures and equipments alone. The Duggal Committee which for the first time introduced the concept of development fee observed as follows:

18. *Besides the above four categories, the schools could also levy a **Development Fee**, as a capital receipt, annually not exceeding 10% of the total annual Tuition Fee, for supplementing the resources for purchase, upgradation and replacement of furniture, fixtures and equipment, provided the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue account. While these receipts should form part of the Capital Account of the school, the collected under this head along with any income generated from the investment made out of this fund, should however, be kept in a separate 'Development Fund Account'.*

The Government of National Capital Territory of Delhi passed an order dated December 15, 1999 in order to give effect to the recommendations of Ms. Justice Santosh Duggal Committee Report and in order to remove the irregularities and malpractices relating to collection and utilization of funds by the schools as pointed therein. One of the directions (no. 7) given vide the aforesaid order was that

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

9

TRUE COPY

Secretary

Shadley Public School, Rajouri Garden, New Delhi-110027

76
Development fee not exceeding 10% of the total annual tuition fee for supplementing the resources for the purpose of purchase, upgradation and replacement of furniture, fixtures and equipment which shall be treated as capital receipt and shall be collected only if the school is maintaining a depreciation reserve fund, equivalent to the depreciation charged in the revenue accounts. The collection under this head along with any income generated from the investment made out of this fund, will be kept in a separately maintained development fund account.

The Hon'ble Supreme Court in the case of Modern School vs. Union of India (supra) considered the following issue:

Whether managements of Recognized unaided schools are entitled to set-up a Development Fund Account under the provisions of the Delhi School Education Act, 1973?

The Hon'ble Supreme Court held as follows:

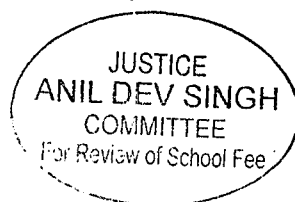
"25. In our view, on account of increased cost due to inflation, the management is entitled to create Development Fund Account. For creating such development fund, the management is required to collect development fees. In the present case, pursuant to the recommendation of Duggal Committee, development fees could be levied at the rate not exceeding 10%



Shadley Public School, Rajouri Garden, New Delhi-110027

77

to 15% of total annual tuition fee. **Direction no.7 further states that development fees not exceeding 10% to 15% of total annual tuition fee shall be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixtures and equipments. It further states that development fees shall be treated as Capital Receipt and shall be collected only if the school maintains a depreciation reserve fund. In our view, direction no.7 is appropriate. If one goes through the report of Duggal Committee, one finds absence of non-creation of specified earmarked fund. On going through the report of Duggal Committee, one finds further that depreciation has been charged without creating a corresponding fund. Therefore, direction no.7 seeks to introduce a proper accounting practice to be followed by non-business organizations/not-for-profit organization. With this correct practice being introduced, development fees for supplementing the resources for purchase, upgradation and replacements of furniture and fixtures and equipments is justified. Taking into account the cost of inflation between 15th December, 1999 and 31st December, 2003 we are of the view that the management of recognized unaided schools should be permitted to charge development fee not exceeding 15% of the total annual tuition fee.**



TRUE COPY

Secretary

Shadley Public School, Rajouri Garden, New Delhi-110027

⇒ The contentions of the school that it treated development fee as a revenue receipt and it utilised the development fee for purchase of cars and buses (majorly) and that it was not required to maintain separate development fund and depreciation reserve fund accounts are contrary to the recommendations of the Duggal Committee and the judgment of the Hon'ble Supreme Court in the aforementioned case. The Committee is therefore of the view that the recovery of development fee by the school was not in accordance with law and hence was not justified. The same ought to be refunded with interest @ 9% per annum.

However, since the mandate of the Committee is to examine the fee charged by the school in pursuance of order dated 11/02/2009 issued by the Director of Education, the Committee is restricting its recommendation in respect of the development fee charged in 2009-10 and 2010-11 only.

Recommendations:

As noticed supra, the development fee recovered by the school in 2009-10 was Rs. 15,84,580 and in 2010-11 it was Rs. 19,88,970. The Committee recommends that these amounts recovered by the school be refunded along with interest @ 9% per annum from the date of their collection to the date of their refund.

Shadley Public School, Rajouri Garden, New Delhi-110027

Recommended accordingly.

79
Sd/-Dr. R.K. Sharma
Member

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 05/05/2014



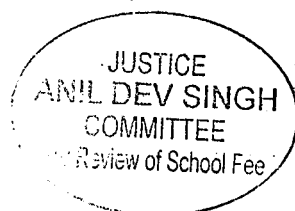
TRUE COPY

A handwritten signature in black ink, appearing to be "W" or "V" with a checkmark, positioned above the word "Secretary".
Secretary

Dharam Deep Sec. Public School, Adhyapak Nagar,

Nangloi, Delhi-110 041

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).
2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.
3. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school had implemented the recommendations of the sixth pay commission and had also increased



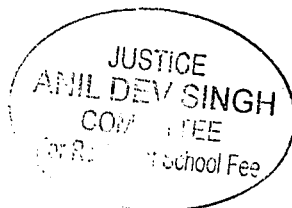
TRUE COPY


Secretary

the fee in terms of the order of the Director of Education dated 11-02-2009. In this view of the matter the school was placed in category 'B'.

4. With a view to verify the returns, the Office of the Committee vide its notice dated 08-07-2013 required the school to appear on 19.07.2013 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire. On 19.07.2013, Shri Ranvir Singh, Manager attended the Office of the Committee along-with the records. He also presented following reply to the aforesaid questionnaire.

S.No.	Query	Reply
1.	Whether the school has implemented the recommendations of the 6 th Pay Commission.	Yes
2.	If the answer to question no.1 is in the affirmative, please provide the following information (separate sheets may be used):- i. With effect from which date is the increased salary to staff being paid? ii. Furnish the details of salary payment to staff, pre and post implementation, of the 6 th Pay Commission. iii. Furnish the details of payment of arrears of salary to staff consequent to implementation of the 6 th Pay Commission.	March, 2009 Details Attached Not given
3.	Whether the school has increased the fee of the students consequent to implementation of the 6 th Pay Commission in terms of the Order No. F.DE./15(56)/ACT/2009/778 Dated 11.2.2009 of the Director of Education.	No fee hike because of 6 th Pay Commission
4.	If answer to question no.3 is in affirmative, please provide the following information	N.A.



TRUE COPY

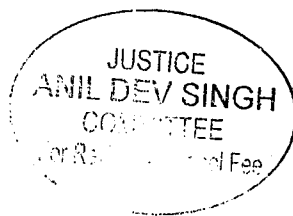

Secretary

	(separate sheets may be used):	
	i. With effect from which date was the fee increased?	N.A.
	ii. Furnish the details of fee charged from the students class wise, indicating the number of students in each class, pre and post such increase.	N.A.
	iii. Furnish the details of arrear fee charged from the students consequent to implementation of the 6 th Pay Commission.	N.A.

5. It would appear from the reply to the questionnaire, that the school has implemented the recommendations of the 6th Pay Commission and has also hiked the fee.

6. The record produced by the school, in the first instance, was examined by Sh. N.S. Batra, Audit Officer of the Committee. He observed to the effect that:-

- i. The school had implemented report of the 6th Pay Commission. The school had also paid Basic Pay, Grade Pay, H.R.A., D.A. and T.A.
- ii. The Fee structure for 2008-09 and 2009-10 have been checked with the Fee Statement and fee receipt books and found to be in agreement with the fee structure.
- iii. The school has hiked the fee 2009-10 by Rs.100/- to Rs.200/- in terms of the order of the Director of Education dated 11.02.2009.



TRUE COPY

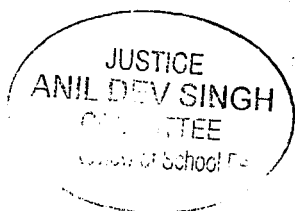
Secretary

83

7. By notice dated 21.11.2013 the school was asked to appear on 27.11.2013 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school.

8. On the scheduled date 27.11.2013, Sh. Ranvir Singh, Manager, Sh. Ashok Rajput, Accountant and Shri Mahesh, Assistant of the school appeared before the Committee. They submitted that the school had implemented the recommendations of the 6th Pay Commission w.e.f. February, 2009 and hiked the fee in 2009-10 w.e.f. April, 2009, in terms of the order of the Director of Education dated 11-02-2009. The school has not paid salary arrears for the period from 01.01.2006 to 31.01.2009. It was also contended that the school had charged development fee, which has been treated as revenue receipt and no separate development fund / depreciation reserve fund are maintained.

9. We have gone through the record, observations of the Audit Officer and submission of the school representatives. The Audit Officer had checked the Fee Receipt Books and Fee Registers for the academic sessions 2008-09 to and 2010-11 with the Fee Structures.

**TRUE COPY**

Secretary

10. From the salary record, it is noticed that except for one or two teachers, salary to the staff was paid by bearer cheques. Further, the financials of the school show very petty expenses.

84

11. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during the academic sessions 2009-10 and 2010-11 :-

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
Pre-primary	300	400	100	440	40
I	370	470	100	520	50
II	390	490	100	540	50
III	420	520	100	570	50
IV	450	550	100	600	50
V	480	580	100	640	60
VI	550	750	200	820	70
VII	620	820	200	900	80
VIII	650	850	200	930	80
IX	680	880	200	970	90
X	700	900	200	990	90

12. From the above, it is manifest that the increase in fee for all classes during the years 2009-10 was in terms of the order of the Director of Education dated 11.02.2009. During 2010-11, the hike in fee was within 10%.

13. On the basis of the records of the school examined by the Committee and the submission of its representatives, we have arrived at the conclusion that the claim of the school to have implemented the

TRUE COPY



[Signature]
Secretary

85
recommendations of the 6th Pay Commission report is hard to believe and implementation of the recommendations of the 6th Pay Commission have been shown only on papers for the reasons which are not far to seek. This was the convenient method to conceal the truth.

In case, the recommendations of the 6th Pay Commission had been implemented, most of the teachers would have fallen in tax bracket and the school would have deducted TDS from their salaries. It is not claimed by the school that TDS had been deducted. It has not produced a copy of PAN card / TAN.

14. RECOMMENDATION

Re. Fee Hike

Since the school has utilised the order of the Director of Education dated 11.02.2009 for enhancing the tuition fee without implementing the recommendations of 6th. Pay Commission, we are of the view that the increase in fee in excess of the tolerance limit of 10%, was unjustified. Therefore, the committee recommends that the fee hike effected by the school in 2009-10 in excess of 10% ought to be refunded along with interest @9% per annum.

Since, the fee hike in 2009-10 is also part of the fee for the subsequent years, there would be a ripple effect in the subsequent years and the fee of the subsequent years to the extent, it is



TRUE COPY


Secretary

relatable to the fee hiked in 2009-10 ought also to be refunded along with interest @9% per annum.

86

Reg. Development Fee.

The school has charged development fee in the following manner:-

<u>Year</u>	<u>Development Fee charged</u>
2009-10	Rs.8,47,080.00
2010-11	Rs.9,90,846.00

As per the own submission of the school, the development fee was treated as a revenue receipt and no earmarked depreciation reserve fund was maintained. Therefore, in view of the Committee, the school was charging the same without complying with any of the pre-conditions prescribed by the Duggal Committee, which were affirmed by the Hon'ble Supreme Court in the case of Modern School Vs. Union of India &Ors. Since the Committee is examining the matter with reference to order dated 11.02.2009 of the Director of Education, the Committee is of the view that an amount of Rs.18,37,926.00, charged as development fee during 2009-10 and 2010-11 ought to be refunded along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

J.S. Kochar
Member

Sd/-

Dr. R.K. Sharma
Member

Dated: 24.01.2014

TRUE COPY



[Signature]
Secretary

B-93**Gyan Sagar Public School, Palam Colony, New Delhi-110077**

87

In reply to the questionnaire dated 27/02/2012 issued by the Committee, the school vide its letter dated 01/03/2012 submitted that it had implemented the VI Pay Commission Report w.e.f. 01/04/2009. Details of salary paid to the staff for the month of March 2009 and April 2009 were annexed to this letter which showed that the total salary for the month of March amounted to Rs. 3,58,646 which rose to Rs. 5,89,376 in April 2009. It was further mentioned that arrears amounting to Rs. 41,96,864 were also paid to the staff in two installments of 40% and 60% for the period 01/01/2006 to 31/03/2009.

With regard to fee hike, it was stated that the school had hiked the fee w.e.f. 01/04/2009 as per the order dated 11/02/2009 issued by the Director of Education. Details of fee charged in 2008-09 and 2009-10 were also given as annexures to the reply. With regard to arrear fee, it was vaguely mentioned that it had been charged @ Rs. 1250 per installment for classes I to IX and @ Rs. 1500 for classes X to XII, without mentioning the number of installments. Based on this reply, the school was placed in Category 'B'.

Preliminary calculations of funds availability vis a vis additional liability on account of implementation of VI Pay Commission were made by GSA & Associates, Chartered Accountants detailed with the Committee. The calculations were examined by the Committee with

TRUE COPY

W
Secretary

reference to the financials of the school, reply to the questionnaire given by the school and the annual returns filed by the school under Rule 180 of Delhi School Education Rules, 1973. On examination of the financials of the school, it appeared to the Committee that they could not be taken at their face value for the reason that they were purportedly audited by M/s. M.K. Goswami & Co., 4/8, Asaf Ali Road, Delhi-110002. It is to be noted that Asaf Ali Road comes in New Delhi and not in Delhi. The audit report for the year 2009-10 was not on pre printed stationary and it did not mention any landline number of the audit firm or its email ID. While the report was addressed to the members of the school, it mentioned that it had examined the balance sheet and Income & Expenditure account of the society. Moreover, the balance sheet and Income & Expenditure account carried the endorsement "*Compiled from the books of accounts produced before us*". This endorsement does not amount to the balance sheet being audited. Similar endorsement was found on the financial of 2008-09 also and for this year there was no audit report even for the sake of form. The Committee had come across similar report purportedly signed by M/s. M.K. Goswami & Co. in the case of another school and when the Committee inquired about its authenticity from the said firm, there was no response to the communication from the Committee. It is noteworthy that M/s. M.K. Goswami & Co. is very old firm of Chartered Accountants and it would not have issued such an audit report. Moreover, the Income & Expenditure account of the school does not even show any expenditure towards audit fee. The



TRUE COPY


Secretary

89
Committee therefore decided that before undertaking the exercise of examining the justifiability of hike in fee, the factum of implementation of VI Pay Commission Report, as claimed by the school, needed to be verified.

In order to verify the implementation of VI Pay Commission Report, the school, vide letter dated 23/09/2013, was required to produce its fee, salary and accounting records on 15/10/2013. A questionnaire specifically regarding the collection and utilisation of development fee as well as maintenance of depreciation reserve fund and development fund, was issued to the school. The school produced the required records through Sh. Mool Chandra, Head clerk and Sh. S.P. Yadav PA to the Principal of the school. The school also filed reply to the questionnaire regarding development fee and it was stated that the school was not charging any development fee. As the school had not produced complete records which were required vide notice issued to the school, the records could only be partly examined and for further examination, the school was required to produce the records on 01/11/2013. The records produced by the school were verified by Sh. A.D. Bhateja, audit officer of the Committee and he observed that :

- (1) The pre and post implementation salary was paid as per government norms by bank transfer. TDS and Provident fund wherever applicable were deducted . The school had paid arrears of salary amounting to **Rs. 16,78,744** in 2009-10.



90

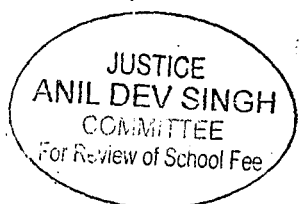
(2) The tuition fee was hiked by the school to the tune of Rs. 40 to Rs. 390 per month in accordance with order dated 11/02/2009 except for classes X to XII where the hike was more on account of merger of computer fee with tuition fee. The school also collected Rs. 200 as miscellaneous fee from students of LKG to VIII and Rs. 300 from students of IX to XII. Such fee was not mentioned in the fee schedules filed by the school with the Director of Education. The school also collected arrear fee amounting to **Rs. 37,69,000** from the students.

(3) During 2009-10, the school had taken aid from the society to the tune of Rs. 5,16,000.

In order to provide an opportunity of hearing to the school, the Committee issued notice dated 20/11/2013 for hearing on 27/11/2013. On this date, Sh. Mool Chandra and Sh. S.B. Yadav, authorized representatives of the school appeared before the Committee and were heard.

During the course of hearing, the representatives of the school reiterated their contentions which they had made in reply to the two questionnaires issued by the Committee. The Committee examined the account books, salary statements and bank statements of the school. On such examination, it turned out that:

(a) The total salary purportedly paid by the school was Rs. 1,27,99,379. Out of this, as much as Rs. 42,47,133 i.e.

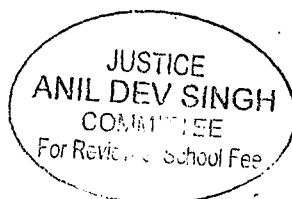


TRUE COPY

Secretary

about 33% was paid in cash. Therefore, to this extent, the observation of the audit officer of the Committee that salary was paid by bank transfer was obviously wrong. He carried out a perfunctory exercise.

- 91
- (b) The first installment of 40% arrear salary amounting to Rs. 16,78,744, as mentioned by the audit officer as having been paid during 2009-10, was merely a reiteration of the stand of the school as no entry of corresponding amount was found in the ledger account of salary, although as per the acquittance roll the entire payment was shown to have been made in one go. When queried about this during the course of hearing, the representatives of the school contended that the amount was paid in cash but were unable to show any entry representing this payment in the cash book of 2009-10. Further, the acquittance rolls show individual payments of amounts as high as Rs. 1,08,889 and many more in the range of Rs. 80,000 to Rs. 1,00,000 and it defies logic as to why the school would pay such huge amounts in cash, when the school was paying almost 67% of its salary by cheques and bank transfer. With regard to the balance payment of 60% of arrears amounting to Rs. 25,18,120, it was contended that the same had been paid in F.Y. 2013-14 and for which no documentary evidence was produced.
- (c) Out of the total salary of April 2009 paid in May 2009, supposedly after implementation of VI Pay Commission



TRUE COPY


Secretary

Report, sums ranging between Rs. 3000 to Rs. 4,500 are being shown as recovery of loan from almost the entire staff. The balance sheet as on 31/03/2009 shows total loans and advances outstanding as Rs. 14,068 only. The total amount shown as loan recovery out of salary for April 2009 alone amounts to Rs. 71,550.

In view of the foregoing findings, the Committee is of the view that the school had not implemented the VI Pay Commission Report and had only shown its implementation in papers. Therefore, the school was not justified in hiking the fee, taking advantage of order dated 11/02/2009 issued by the Director of Education. The entire arrear fee recovered amounting to **Rs. 37,69,000** and the incremental fee in excess of the tolerance limit of 10% recovered by the school in 2009-10 ought to be refunded along with interest @ 9% per annum.

As per the fee details filed by the school, the school recovered the following amounts as monthly tuition fee and activity fee in 2008-09 and 2009-10.

Class	Monthly fee in 2008-09(Rs.)	Monthly fee in 2009-10(Rs.)	Increase in 2009-10 (Rs.)	%age increase
LKG	200	300	100	50.00%
UKG	230	300	70	30.43%
I	525	650	125	23.81%
II	550	700	150	27.27%
III	625	750	125	20.00%
IV	715	800	85	11.89%
V	745	850	105	14.09%
VI	800	900	100	12.50%
VII	835	950	115	13.77%



VIII	855	1000	145	16.96%
IX	1010	1150	140	13.86%
X	1120	1350	230	20.53%
XI Sc	1320	1600	280	21.21%
XI Com.	1300	1600	300	23.08%
XII Sc.	1380	1680	300	21.74%
XII Com.	1360	1680	320	23.53%

Recommendations:

In view of the foregoing discussion, the Committee is of the view that the school ought to refund the arrear fee of Rs. 37,69,000 collected by it and also the hike in tuition fee and other fee recovered on monthly basis in 2009-10, over and above the tolerance limit of 10%, along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

Dr. R.K. Sharma
Member

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 08/01/2014

TRUE COPY



W
Secretary

Indraprastha International School, Dwarka, New Delhi-110075

In response to a requisition made by the office of Dy. Director, Distt. South West-B, the school, under cover of its letter dated 02/02/2012, filed the following documents for the purpose of verification of fee hike consequent to the order dated 11/02/2009 issued by the Director of Education:

- (i) Copies of annual returns under Rule 180 of Delhi School Education Rules, 1973 for the years 2006-07 to 2010-11.
- (ii) Statement of fees levied during the years 2006-07 to 2010-11.
- (iii) Details of salary paid to the staff before and after implementation of VI Pay Commission Report.
- (iv) Statement indicating the extent of fee increased by the school after implementation of the VI Pay Commission Report and copy of circular issued to the students/parents demanding the increased fee.

These documents were transmitted to the Committee by the office of the Dy. Director.

The Committee also issued a questionnaire dated 27/02/2012 eliciting specific information with regard to fee and salary hike consequent to implementation of VI Pay Commission Report. The questionnaire was responded to by the school vide its letter dated

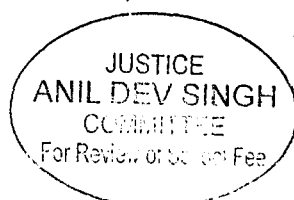


95
28/02/2012. In its reply, the school stated that the increased salary to the staff in terms of the recommendations of the VI Pay Commission was being paid w.e.f. 1st April 2009. It was also claimed that the arrears salary on account of retrospective application of VI Pay Commission were also paid by the school. Details of such arrears payments and payment of salary, pre and post implementation of VI Pay Commission were also furnished by way of Annexures. With regard to hike in fee, it was claimed that the school had hiked the fee for all the classes, except XI & XII, by Rs. 500 per month w.e.f. 01/04/2009. For the classes XI & XII, it was claimed that the hike was to the tune of Rs. 400 per month. It was also stated that the school had recovered arrears @ 4,500 per student in terms of order dated 11/02/2009 issued by the Director of Education. Accordingly, the school was placed in Category 'B'.

Preliminary examination of the financials of the school was carried out by the Chartered Accountants detailed with this Committee. Although, the school, vide its reply to the questionnaire, claimed to have increased the fee w.e.f. 01/04/2009, on examination of the documents submitted by the school, it became apparent that the school had hiked the fee w.e.f. 01/09/2008. Therefore, the audited balance sheet of the school as on 31/03/2008 was taken as the basis for calculation of the funds available with the school for the purpose of implementation of the VI Pay Commission Report. As per the preliminary calculations made by the CAs detailed with the

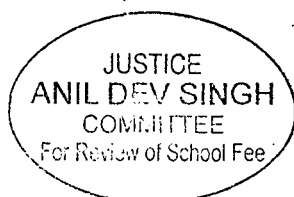


Committee, the net current assets of the school as on 31/03/2008 were in the negative zone to the tune of Rs.43,79,830. After accounting for the fee hike and salary hike and also recovery of arrear fee and payment of salary arrears, the school, after making good the shortfall as on 31/03/2008, had generated surplus funds to the tune of Rs. 18,91,062. However, the Committee did not approve of this calculation sheet as it was felt necessary to ascertain the reasons of the net current assets being in negative zone as on 31/03/2008. The school was issued a notice dated 20/01/2013 for providing it an opportunity of hearing by the Committee on 18/02/2013. On the date of hearing, Sh. S.S. Katyal, CA appeared with Sh. Pankaj Kumar Singh, and Sh. Bhagwant Singh, Accountants of the school with authorization from the Manager. It was observed by the Committee that the school had not filed its Receipt and Payment Accounts along with its returns under Rule 180 of DSER, 1973 and in their absence, it would not be possible to examine whether the school had diverted its funds for non permissible purposes, as a result of which the net current assets as on 31/03/2008 had turned into negative zone. Accordingly, the representatives of the school were asked to file the same as also copies of bank statements for 2008-09 and 2009-10. These documents were filed by the school under cover of its letter dated 25/02/2013. The Committee, vide notice dated 02/03/2013, refixed the hearing for 08/03/2013. On this date, the aforesaid representatives of the school again appeared. However, the revised calculations, which were necessitated in light of the documents



97

submitted by the school, were not ready and accordingly, the representatives were advised that the revised calculation sheet would be sent to the school in due course, after which the matter would be heard. The office of the Committee, prepared the revised calculation sheet as per which it was projected that during 2006-07 and 2007-08, the school had diverted a total sum of Rs. 2,94,54,210 towards purchase of fixed assets (mainly buses), repayment of Principal and interest on loans raised for purchasing such fixed assets etc.. Had such diversions not taken place, the net current assets would not have been in negative zone as on 31/03/2008, but would have a positive value of **Rs. 2,25,48,428**. The total impact of implementation of VI Pay Commission Report was projected at **Rs. 1,84,63,108**, comprising of Rs. 64,78,576 as arrears of salary from 01/01/2006 to 31/03/2009 and Rs. 1,19,84,532 on account of incremental salary for the year 2009-10. Thus, the school could have absorbed the full impact of implementation of VI Pay Commission Report out of its own funds, had no diversions taken place as mentioned above. Thus as per the preliminary calculation sheet, the school was neither justified in recovering the arrear fee amounting to **Rs. 64,78,576** nor the incremental fee for the period 01/09/2008 to 31/03/2010, which amounted to **Rs. 1,51,84,000**. The preliminary calculation sheet was sent to the school for its response under cover of the Committee's letter dated 18/06/2013. Since the school was found to be charging development fee also, besides tuition fee, a questionnaire eliciting replies to specific queries regarding its treatment in the accounts and

**TRUE COPY**

Secretary

maintenance of development fund/depreciation reserve fund was also issued along with the aforesaid letter. The next date of hearing was fixed for 12/07/2013 which was postponed to 25/07/2013.

On the scheduled date, Sh. S.S. Katyal, CA and Sh. Pankaj Kumar, Accountant of the school appeared before the Committee and filed reply to the questionnaire regarding development fee. However, no response was submitted by the school to the preliminary calculation sheet regarding availability of adequate funds for implementation of VI Pay Commission Report, even without effecting a fee hike. The representatives of the school requested for further time to be given for submitting its response. Accordingly the matter was directed to be relisted on 26/08/2013.

On 26/08/2013, Sh. S.S. Katyal and Sh. Pankaj Kumar appeared and filed written submissions dated 26/08/2013, controverting some of the figures reflected in the preliminary calculation sheet of the Committee. In order to better appreciate the arguments of the school, the school was advised to give split Income & Expenditure Accounts showing its income from transport and expenditure thereon separately. On 06/09/2013, the school filed the split Income & Expenditure Accounts showing transport Income & Expenditure separately. It was contended that the school had purchased buses/repaid loans for buses out of funds available on account of non cash charge of depreciation on all the fixed assets.



Submissions:-

99
It was contended by the school, vide the aforesaid written submissions, as follows:

(a) The fee collected from the students has been utilised for the purposes of meeting only revenue expenses of the school and not for incurring any capital expenditure. It was contended that this would be apparent from the following facts:

- (i) The capital expenditure of the school has not been debited to the Income & Expenditure account of the school.
- (ii) The fixed assets acquired in 2006-07 in excess of the loan raised therefor amounting to Rs. 19,48,103 as reflected in the calculation sheet do not take into account the fact that the excess amount was met out of sale of old buses for Rs. 19,50,000 which is duly reflected in the Receipt and Payment account for that year.
- (iii) The entire cost of fixed assets acquired in 2007-08, amounting to Rs. 93,77,351 has been shown to have been met out of the revenues of the school whereas the fact is that during this year the school took a fresh loan of Rs. 44,00,000 from banks and Rs. 2,50,000 from Arun Kumar Singh, HUF. Further the provision for depreciation amounting to



100

Rs. 59,29,156 was also available for investment in these fixed assets.

- (iv) The correct figure of interest paid on loans during the year 2006-07 is Rs. 10,25,351 as against Rs. 15,11,073 taken in the preliminary calculation sheet.
- (v) The interest payment on loans and depreciation on buses are met out of the transport charges received from the students and thus cannot be considered as diversion of tuition fee.
- (vi) The repayment of loans amounting to Rs. 62,93,525 in 2006-07 and Rs. 65,57,640 in 2007-08 have not been claimed as expenditure in the Income & Expenditure Accounts of the school.

It was thus contended that there was no diversion of fee (tuition fee) for meeting any capital expenditure and the school did not have any funds of its own and thus the fee hike was justified.

Discussion:

The preliminary calculation sheet as prepared by the office of the Committee is as follows:



TRUE C.


Secretary

S No	Particulars	Amount (Rs.)	Amount (Rs.)
	Funds diverted out of fee for Capital expenses		
	Fixed Assets acquired in 2006-07 in excess of Loan raised	1,948,103	
	Fixed Assets acquired in 2007-08	9,377,351	
	Interest paid on loans in 2006-07	1,511,073	
	Interest paid on loans in 2007-08	3,766,518	
	Repayment of loans in 2006-07	6,293,525	
	Repayment of loans in 2007-08	<u>6,557,640</u>	29,454,210
	<u>Current Assets</u>		
	Cash	620,938	
	Bank balances	94,710	
	Deposits & Advances	773,410	
	Advance to Supplier	<u>102,568</u>	1,591,626
Less:-	<u>Current Liabilities</u>		
	Caution Money	665,580	
	Fee received in advance	4,488,700	
	Other Liabilities	817,176	
	Sundry Creditors	<u>2,525,952</u>	8,497,408
	Net Current Assets + Funds diverted		22,548,428
Less:-	Total Liabilities after Vith Pay		
	Arrear of Salary as per 6th Pay w.e.f. 01.01.06 to 31.03.09	6,478,576	
	Annual increase in salary (FY 09-10)	<u>11,984,532</u>	18,463,108
	Excess / (Short) Fund Before Fee Hike		4,085,320
Add:-	Total Recovery after VI th Pay		
	Recovered from students for Arrears w.e.f 01.01.06 to 31.08.08	6,732,000	
	Increase in Tuition Fee w.e.f 01.09.08 to 31.03.09	5,236,000	
	Annual increase in Tuition Fee (FY 09-10)	<u>9,948,000</u>	21,916,000
	Excess / (Short) Fund After Fee Hike		<u>26,001,320</u>

It is apparent from the submissions of the school that except for disputing the figure of Rs. 29,454,210, which supposedly represents



102
the funds generated out of fee that were diverted by the school for purchase of fixed assets and repayment of loans, including interest on such loans, for purchase of buses, the school has not disputed any other figure taken in the preliminary calculation sheet. In the circumstances, the other figures are taken to be admitted by the school.

First of all, it is noticed that the school is not disputing the proposition that fixed assets cannot be purchased out of funds accruing from the receipt of tuition fee. The school is also not disputing the proposition that the loans taken for purchase of fixed assets (buses) cannot be repaid out of tuition fee. Its contentions are that the fixed assets (buses) were acquired out of transport fee and the loans were also repaid from the revenues generated out of transport fee and the funds available on account of the non cash charge of depreciation on fixed assets. In order to appreciate these contentions, it would be worthwhile to reproduce here below the Split Income & Expenditure account of the school, as filed by the school, showing transport income & expenses separately. These are summarized as under:

TRUE COPY




Secretary

**Split Income & Expenditure Accounts for 2006-07 and
2007-08**

108

2006-07

Income	Transport receipts	Other receipts
Fee & misc. receipts	3,439,030	22,148,724
	<hr/>	
Total income	3,439,030	22,148,724
	<hr/>	
Expenditure		
Cash expenses other than interest	3,375,487	12,517,676
Interest on loans	810,631	
Depreciation		8,530,940
	<hr/>	
Total expenses	4,186,118	21,048,616
	<hr/>	
Net Income	(747,088)	1,100,108

2007-08

Income	Transport receipts	Other receipts
Fee & misc. receipts	5,289,457	33,593,095
	<hr/>	
Total income	5,289,457	33,593,095
	<hr/>	
Expenditure		
Cash expenses other than interest	5,280,521	25,407,881
Interest on loans	1,287,897	
Depreciation		5,929,156
	<hr/>	
Total expenses	6,568,418	31,337,037
	<hr/>	
Net Income	(1,278,961)	2,256,058



104
It would thus be observed that in both the years i.e. 2006-07 and 2007-08, the transport fee received by the school was not sufficient even to meet the cash expenditure on transportation. In both the years, the deficit on account of transport fee, was more or less equal to the interest paid on bus loans. It would also be apparent from the above that even the depreciation on buses has been charged against income from tuition fee and the transport fee was not sufficient to cover the same. Thus there is no substance in the submission of the school that the repayment of loans taken for purchase of buses and the interest paid thereon, came from the transport fee.

The submission that the repayment of loans and interest was made out of funds available on account of depreciation on fixed assets, which is a non cash charge, remains to be examined. But before we deal with that submission, it would be in order to examine as to what was the source of funds for purchase of fixed assets on which such depreciation got accumulated. If the fixed assets themselves were purchased out of tuition fee or development fee which was not charged in accordance with the stipulations laid by the Duggal Committee which were affirmed by the Hon'ble Supreme Court in the case of Modern School vs. Union of India, the funds available on account of depreciation would have to be considered as available for payment of increased salary on account of implementation of VI Pay Commission Report and not for purchase of fixed assets like buses. If



105
the fixed assets are allowed to be funded out of the funds available on account of the non cash charge of depreciation on fixed assets created out of tuition fee, it would amount to utilisation of tuition fee for funding capital expenditure.

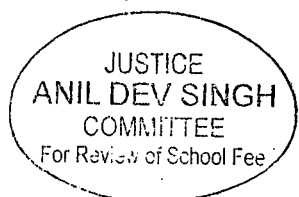
In this regard, it would be profitable to cite the relevant part of the report of the Duggal Committee. In para 7.24, the Committee observed

"7.24 Simultaneously, it is also to be ensured that the schools, do not discharge any of the functions, which rightly fall in the domain of the Society out of the fee and other charges collected from the students; or where the parents are made to bear, even in part, the financial burden for the creation of facilities including building, on a land which had been given to the Society at concessional rates for carrying out a "philanthropic" activity. One only wonders what than is the contribution of the Society that professes to run the School."

The report of the Duggal Committee was considered by the Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583 in which the Supreme Court observed as follows:

" It was argued on behalf of the management that Rule 177 allows the schools to incur capital expenditure in respect of the same school or to assist any other school or to set up any other school under the same management and consequently, the Director had no authority under clause 8 to restrain the school from transferring the funds from the Recognised Unaided School Fund to the society or the trust or any other institution and, therefore, clause 8 was in conflict with Rule 177.

We do not find merit in the above arguments. Before analysing the rules herein, it may be pointed out, that as of today, we have Generally Accepted Accounting Principles (GAAP). As stated above, commercialisation of education has been a problem area for the last several years. One of the methods of eradicating commercialisation of education in schools is to insist



TRUE COPY

W
Secretary

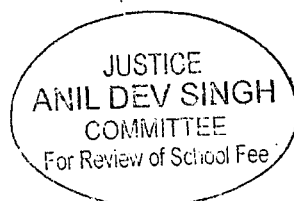
186
 on every school following principles of accounting applicable to not-for-profit organisations/non-business organisations. Under the Generally Accepted Accounting Principles, expense is different from expenditure. All operational expenses for the current accounting year like salary and allowances payable to employees, rent for the premises, payment of property taxes are current revenue expenses.

These expenses entail benefits during the current accounting period. Expenditure, on the other hand, is for acquisition of an asset of an enduring nature which gives benefits spread over many accounting periods, like purchase of plant and machinery, building, etc. Therefore, there is a difference between revenue expenses and capital expenditure. Lastly, we must keep in mind that accounting has a linkage with law. Accounting operates within the legal framework. Therefore, banking, insurance and electricity companies have their own form of balance sheets unlike balance sheets prescribed for companies under the Companies Act, 1956. Therefore, we have to look at the accounts of non-business organisations like schools, hospitals, etc. in the light of the statute in question.

In the light of the above observations, we are required to analyse Rules 172, 175, 176 and 177 of the 1973 Rules. The above rules indicate the manner in which accounts are required to be maintained by the schools. Under Section 18(3) of the said Act every recognised school shall have a fund titled "Recognised Unaided School Fund". It is important to bear in mind that in every non-business organisation, accounts are to be maintained on the basis of what is known as "Fund-Based System of Accounting". Such system brings about transparency. Section 18(3) of the Act shows that schools have to maintain Fund-Based System of Accounting. The said Fund contemplated by Section 18(3), shall consist of income by way of fees, fine, rent, interest, etc.

Section 18(3) is to be read with Rule 175. Reading the two together, it is clear that each item of income shall be accounted for separately under the common head, namely, Recognised Unaided School Fund. Further, Rule 175 indicates accrual of income unlike Rule 177 which deals with utilisation of income. Rule 177 does not cover all the items of income mentioned in Rule 175. Rule 177 only deals with one item of income for the school, namely, fees. Rule 177(1) shows that salaries, allowances and benefits to the employees shall constitute deduction from the income in the first instance.

That after such deduction, surplus if any, shall be appropriated towards pension, gratuity, reserves and other items



107
of appropriations enumerated in Rule 177(2) and after such appropriation the balance (savings) shall be utilised to meet capital expenditure of the same school or to set up another school under the same management. Therefore, Rule 177 deals with application of income and not with accrual of income. Therefore, Rule 177 shows that salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings. **Therefore, capital expenditure cannot constitute a component of the financial fee structure as is submitted on behalf of the schools.** It also shows that salaries and allowances are revenue expenses incurred during the current year and, therefore, they have to come out of the fees for the current year whereas capital expenditure/capital investments have to come from the savings, if any, calculated in the manner indicated above."

However, if it is found that the fixed assets were acquired out of the contribution of the Society/Trust running the school or from corpus donations, the school can legitimately claim that the funds which got accumulated on account of depreciation on fixed assets could be utilised for purposes of purchase of buses or repayment of loans taken for their purchase. It would therefore be necessary to examine the pattern of funding of fixed assets of the school.

As per the balance sheet as on 31/03/2008, the written down value of fixed assets of the school was Rs. 3,48,41,049. As against this, the contribution of Kanta Devi Charitable & Educational Society as on that date was Rs. 1,49,43,818 which was shown as a current liability by the school and not as corpus fund. This means that when the funds would be available to the school, even this amount contributed by the Society would be repaid. Hence, effectively, there is no contribution by the Society. However, as the Committee has not deducted this sum as a liability while working out the funds available



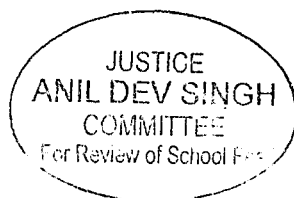
108
with the school as on 31/03/2008, it would be considered that this was the contribution of the Society towards the fixed assets of the school. It is apparent that the remaining fixed assets of the value of about Rs. 2 crores (WDV) were financed out of the tuition fee/development fee (treated as a revenue receipt). Therefore, the contention of the school that the funds were not diverted for purchase of buses or for repayment of loans for their purchase or for payment of interest, is rejected. However, the discrepancies in the figures, as pointed out by the school would be considered in the succeeding paragraphs.

Re.: Non consideration of sale of old buses in 2006-07

The Committee is in agreement with the school that the funds generated on account of sale of old buses in 2006-07 which were partly utilised for purchase of new buses has not been considered in the preliminary calculation sheet. Accordingly the figure of funds diverted in 2006-07 taken by the Committee at Rs. 19,48,103 would be taken as NIL in the final determination.

Re.: Non consideration of fresh loans of Rs. 46.50 lacs taken in 2007-08

The Committee is in agreement with the contention of the school that fresh loans of Rs. 44,00,000 taken from banks and Rs. 2,50,000 taken from Arun Kumar Singh, HUF during the year 2007-08, which were reportedly utilised for purchase of new buses, were not



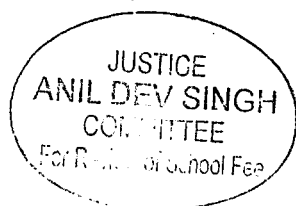
109
considered in the preliminary calculations. Accordingly the funds diverted towards acquisition of fixed assets in 2007-08 would taken as **Rs. 47,27,351** in the final determination instead of Rs. 93,77,351 taken in the preliminary calculations. This mistake occurred due to non availability of details of fresh loans in the balance sheet of the school.

Re.: Interest paid on loans in 2006-07

The Contention of the school that the correct amount of interest paid on loans in 2006-07 is **Rs. 10,25,351** and not Rs. 15,11,073 as taken in the preliminary calculations, is found to be correct. The correct figure will be factored in while making the final determinations. The difference of Rs. 4,99,738 was the amount of insurance expenses which was inadvertently taken as interest.

Re.: Non charging of repayment of loans to Income & Expenditure Account

The school has contended that the repayment of loans amounting to Rs. 62,93,525 in 2006-07 and Rs. 65,57,640 in 2007-08 have not been claimed as expenditure in the Income & Expenditure Accounts. However, nothing turns on this submission. Repayment of loans is not required to be debited to Income & Expenditure Account. The Committee has considered the repayment of loans taken for purchase of buses as diversion of fee and for this purpose, it is not material that only the expenses charged to Income & Expenditure



Account are to be considered. In fact, if they are charged to Income & Expenditure Account, they would not be considered as diversion at all.

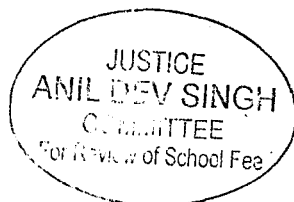
Determinations:

1. Tuition fee

The funds available with the school as on 31/03/2008 are determined to be **Rs. 1,54,64,603** as follows:

Particulars		Amount (Rs.)
Current Assets as on 31/03/2008		1,591,626
Funds diverted in 2006-07 and 2007-08 for creation of fixed assets (capital expenditure) for repayment of loans taken for creation of fixed assets:		
(i) Fixed Assets acquired in 2007-08 out of internal resources	47,27,351	
(ii) Interest paid on loans in 2006-07	10,25,351	
(iii) Interest paid on loans in 2007-08	3,766,518	
(iv) Repayment of loans in 2006-07	62,93,525	
(v) Repayment of loans in 2007-08	65,57,640	2,23,70,385
Total		2,39,62,011
Less Current liabilities as on 31/03/2008		8,497,408
Funds available/deemed to be available		1,54,64,603

Although, the school has not claimed that any amount be set apart for future contingencies, the Committee has taken a consistent view that the schools ought to retain funds equivalent to four months salary for future contingencies. As per the pay bill for the month of April 2009 submitted by the school, the monthly expenditure on salary was Rs 23,31,964. Based on this, the Committee is of the view



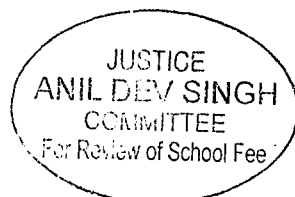
that the school ought to retain a sum of **Rs. 93,27,856** as reserve for future contingencies. After deducting this amount, in view of the Committee, the School had available to it a sum of **Rs. 61,36,747** which could have been utilised for implementation of VI Pay Commission Report.

The total financial impact of implementation of VI Pay Commission Report on the school was **Rs. 1,84,63,108** as follows:

Arrears paid for the period 01/01/2006 to 31/03/2009	Rs 64,78,576
Incremental Salary for 2009-10	Rs. 1,19,84,532
Total	Rs. 1,84,63,108

Thus, there was a gap of **Rs. 1,23,26,361** which needed to be bridged by way of recovery of arrear fee and incremental fee as per order dated 11/02/2009 of the Director of Education. The school recovered a sum of **Rs. 1,19,68,000** as arrear fee for the periods 01/01/2006 to 31/08/2008 and 01/09/2008 to 31/03/2009. Thus the school needed to hike only so much of monthly fee as would have been sufficient to generate the difference of **Rs. 3,58,361**. However, the school increased monthly fee to the maximum extent prescribed by the order dated 11/02/2009 which resulted in an additional revenue of **Rs. 99,48,000**. Thus, the school hiked the fee, more than that was required to fully implement the VI Pay Commission Report and generated a surplus of **Rs. 95,89,639**. **The Committee is of the view that the surplus generated amounting to Rs.**

TRUE COPY



N
Secretary

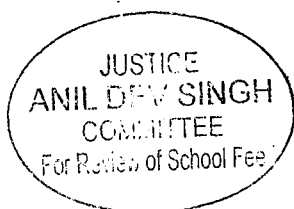
95,89,639 on account of fee hike was not justified and ought to be refunded along with interest @ 9% per annum.

712
Development Fee

In reply to the questionnaire issued by the Committee regarding collection and utilisation of development fee, its accounting treatment and maintenance of development fund and depreciation reserve fund, the school stated that it was charging development fee since 2008-09 and had recovered a sum of Rs. 53,42,672 in 2008-09, Rs. 70,82,695 in 2009-10 and Rs. 85,48,380 in 2010-11. It was further stated that it was being treated as a revenue receipt in the accounts. With regard to maintenance depreciation reserve fund, it was stated that since in each year new assets purchased were more than depreciation provided in the books, hence no depreciation reserve fund was required.

The contentions of the school have been considered by the Committee. The Committee is of the view that the school was not fulfilling any of the pre conditions prescribed by the Duggal Committee which were affirmed by the Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583.

The foremost requirement for eligibility to charge development fee is that the school treats development fee as a capital receipt. It should be utilised for purchase or upgradation of furniture & fixture

**TRUE COPY**

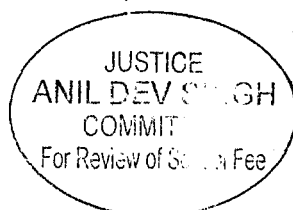
Secretary

or equipments. Funds should be set apart to the extent of depreciation charged on the assets acquired out of development fee.

113
However, in the case of this school, it is observed that the development fee is credited to Income & Expenditure Account and thus is treated as a revenue receipt. After such credit, the school has meager surplus or deficit. This shows that the development fee is utilised for routine revenue expenses. Thus, none of the pre conditions laid down as per the judgment of the Supreme Court is fulfilled. In the circumstances, the Committee is of the view that the development fee charged by the school was not justified. However, since the mandate of the Committee is to examine the fee charged in pursuance of order dated 11/02/2009 issued by the Director of Education, the Committee recommends that the development fee charged by the school in the years 2009-10 and 2010-11 ought to be refunded along with interest @ 9% per annum.

Recommendations:

In view of the forgoing determinations, the Committee recommends that the school ought to refund the following amounts to the students along with interest @ 9% per annum.



TRUE COPY


Secretary

Excess tuition fee hiked consequent to order dated 11/02/2009 of the Director of Education.		Rs. 95,89,639
(a) Development fee for 2009-10	Rs.70,82,695	
(b) Development fee for 2010-11	Rs.85,48,380	Rs.1,56,31,075

Recommended accordingly.

Sd/-

CA J.S. Kochar
Member

Sd/-

Dr. R.K.Sharma
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 06/12/2013

TRUE COPY

Secretary



Golden Valley Sr. Sec. Public School, Najafgarh, New Delhi-43

115

In reply to the questionnaire dated 27/02/2012 issued by the Committee, the school vide its letter dated 29/02/2012 submitted that it had implemented the VI Pay Commission Report w.e.f. 01/08/2009. Details of salary paid to the staff for the month of July 2009 and August 2009 were annexed to this letter which showed that the total salary for the month of July amounted to Rs. 7,79,972 which rose to Rs. 13,09,615 in August 2009. It was further mentioned that no arrears were paid to the staff. With regard to fee hike, it was stated that the school had hiked the fee w.e.f. 01/04/2009 as per the order dated 11/02/2009 issued by the Director of Education. However, no arrear fee was charged from the students. An annexure showing the extent of fee hike and the student strength was enclosed with the reply, as per which the hike effected by the school for classes I to V was Rs. 100 per month, for classes VI to X, it was Rs. 200 per month and for classes XI & XII, it was Rs. 300 per month. Based on this reply, the school was initially in Category 'B'.

In order to verify the implementation of VI Pay Commission Report, the school, vide letter dated 23/09/2013, was required to produce its fee, salary and accounting records on 15/10/2013. As the school was also found to be charging development fee, a questionnaire specifically regarding the collection and utilisation of development fee as well as maintenance of depreciation reserve fund and development

**TRUE COPY**

W
Secretary

116
fund, was issued to the school. The school produced the required records through Sh. R.N. Dahiya, Manager and Sh. Deepak Jain, UDC of the school. The school also filed reply to the questionnaire regarding development fee, which will be adverted to when we discuss the issue of development fee. The records produced by the school were verified by Sh. A.D. Bhateja, audit officer of the Committee and he observed that :

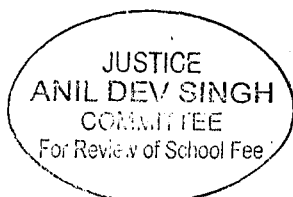
- (1) The salary was paid as per government norms except DA which was paid at rates lower than prescribed.
- (2) Every month, salary was not paid to two to three staff members as they purportedly remained on leave. The mode of payment of salary was by way of cash or account payee cheques or bank transfers. The school did not pay any arrears of salary.
- (3) The fee hike effected by the school in the year 2009-10 was the same as mentioned by the school in its reply to the questionnaire except for classes XI & XII for which the hike was not uniform at Rs. 300 per month but varied between Rs. 210 to 300 depending upon the stream of study. The fee hike effected during 2010-11 was a nominal Rs. 50 per month for all the classes.
- (4) During 2009-10, the school had taken aid from the society to the tune of Rs. 2,45,500.

**TRUE COPY**
Secretary

117
In order to provide an opportunity of hearing to the school, the Committee issued notice dated 22/11/2013 for hearing on 03/12/2013. On this date, Sh. Ram Niwas, Manager of the school appeared with Sh. Deepak Jain, UDC and Sh. Baljeet Singh, LDC. They were heard by the Committee.

During the course of hearing, the representatives of the school reiterated their contentions which they had made in reply to the two questionnaires issued by the Committee. The Committee examined the account books, salary statements and bank statements of the school. On such examination, it turned out that the school paid only around Rs. 3.00 lacs per month by bank transfer as salary to the staff and around Rs. 9.00 lacs per month on account of salary was withdrawn through bearer cheques drawn on its bank account with State Bank of India, Najafgarh. The Committee observed from the salary register that although the salary was shown to have been paid at higher scales, the actual payments to staff were significantly less on account of absence from duty, shown against their names. When confronted with these facts, the Manager of the school conceded that the VI Pay Commission recommendations had been shown to have been implemented only in paper. Therefore, it can be safely concluded that the recommendations of the 6th Pay Commission were not implemented.

In this view of the matter, the Committee is of the view that the fee hike effected by the school was not justified as the purpose for



TRUE COPY

Secretary

118 which the hike had been effected i.e. implementation of VI Pay Commission Report had not been fulfilled. The Committee is therefore of the view that the school ought to refund the fee hike effected by it in 2009-10 over and above the tolerance limit of 10%. Interest @ 9% per annum also ought to be paid on the amount of refund. Since the school effected a nominal fee hike in 2010-11, the Committee is not recommending refund of any part of fee for 2010-11 or later years.

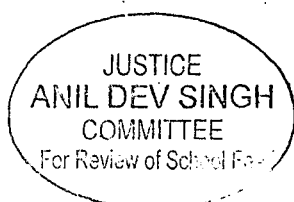
Development Fee:

In reply to the questionnaire regarding development fee issued by the Committee, the school stated that while it did not charge any development fee in 2006-07 to 2008-09, it recovered a sum of Rs. 15,44,100 as development fee in 2009-10 and Rs. 15,81,600 in 2010-11. It was contended that the development fee charged in 2009-10 was fully utilised for purchase of fixed assets while the development fee charged in 2010-11 was utilised for the following purposes:

(a) Excess of salary over tuition fee	Rs. 5,97,852
(b) Purchase of fixed assets	Rs. 7,55,809
(c) Property tax	Rs. 1,08,437
(d) Building repair & Maintenance	<u>Rs. 1,19,502</u>
Total	<u>Rs.15,81,600</u>

It was further mentioned that development fee was treated as a revenue receipt and no depreciation reserve fund was maintained for depreciation on assets acquired out of development fee.

It is apparent from the reply of the school that none of the pre conditions prescribed by the Duggal Committee for charging



119 development fee, which were affirmed by the Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583, has been fulfilled by the school. Therefore, the Committee is of the view that the school was not justified in charging development fee in the years 2009-10 and 2010-11 and the same ought to be refunded along with interest @ 9% per annum.

Recommendations:

In view of the foregoing discussion, the Committee is of the view that the school ought to refund the hike effected by it in tuition fee in 2009-10 over and above the tolerance limit of 10%, along with interest @ 9% per annum. Further, the development fee charged by the school in the years 2009-10 and 2010-11 amounting to Rs. 15,44,100 and Rs. 15,81,600 respectively ought also be refunded along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

Dr. R.K. Sharma
Member

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 13/12/2013



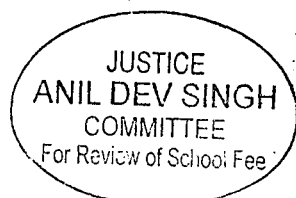
TRUE COPY

Secretary

Jain Happy School, S. Bhagat Singh Marg, New Delhi-110001

The school submitted its reply to the questionnaire dated 27/02/2012 issued by the Committee vide its letter dated 01/03/2012. The school had also submitted its records to the Education Officer, zone-26 of the Directorate of Education for onward submission to the Committee, under cover of its letter dated 28/01/2012. These documents were transmitted to the office of the Committee through the Dy. Director of Education, Central District on 12/05/2012.

As per reply to the questionnaire, the school claimed to have implemented the VI Pay Commission Report only w.e.f. November 2011. At the same time, it claimed to have increased the fee of the students to the extent of 5% only in terms of order dated 11/02/2009 issued by the Director of Education. However, it was stated that the fee was increased w.e.f. January 2012 for implementation of VI Pay Commission Report. Along with the reply to the questionnaire, the school submitted a list of fee charged from the students classwise for the year 2011-12 showing the monthly fee before implementation of VI Pay Commission as well as after its implementation. As per this list, the fee of the students of classes pre school and pre primary was hiked from Rs. 975 per month to Rs. 1025 per month, for students I to V, it was hiked from Rs. 1260 per month to Rs. 1325 per month, for classes VI to VIII, it was hiked from Rs. 1350 per month to Rs. 1420



121 per month and for classes IX & X, it was hiked from Rs. 1400 per month to Rs. 1470 per month. Based on this reply, the school was placed in Category 'B'.

The reply to the questionnaire was examined by the Committee with reference to the financials of the school and the annual returns filed by it under Rule 180 of Delhi School Education Rules, 1973. The Committee felt that the school had not come out with the true state of affairs with regard to hike in fee effected in pursuance of order dated 11/02/2009 issued by the Director of Education, in so far as the school had claimed to have hiked the fee only to the tune of 5%. If that was so, the school could have very well claimed that it had not hiked the fee in pursuance of the aforesaid order dated 11/02/2009 as hike in fee upto 10% annually is accepted by the Directorate of Education as a norm. Thus, it was felt necessary that the correct position with regard to fee hike effected by the school be ascertained as the school claimed to have implemented the VI Pay Commission Report w.e.f. November 2011 only and if the fee was found to have been hiked w.e.f. 01/04/2009, in pursuance of the aforesaid order dated 11/02/2009, such a hike atleast for the period 01/04/2009 to 31/10/2011 would have been unjustified.

The Committee therefore decided that before examining other issues, the factum of actual fee hike w.e.f. 01/04/2009, needed to be examined. Vide letter dated 09/05/2013, the school was issued a revised questionnaire for greater clarity on the issue. Besides it was



122
also required to produce on 05/06/2013, its fee and salary records and books of accounts. On this date, the school produced some of the records through Ms. Neeru Jain, Office incharge. The school also filed its reply to the revised questionnaire in which it changed its stand of hike in fee in pursuance of the aforesaid order dated 11/02/2009. It now contended that the school had made an yearly increase of 10 to 20% in fee. Besides mid term hike of 10% was effected from January 2012. This is sharp contrast to the initial stand of the school that it had hiked the fee by 5% in pursuance of the aforesaid order.

The records produced by the school were examined by Sh. A.D. Bhateja, Audit officer of the Committee. He, inter alia, observed that the school did not produce its fee receipt books or registers for any of the three years i.e. 2008-09 to 2009-10, which were requisitioned by the Committee. Only the fee receipts for newly admitted students were produced and on examination thereof, it was found that the school was charging activity fee of Rs. 1500 per annum but such levy was not reflected in the fee structure filed by the school. He further observed that as per the fee structures for 2008-09 and 2009-10, which were available on record, the school had hiked the fee for all classes by Rs. 175 per month, which in percentage terms amounted to a hike to the tune of 13.7% to 20% for different classes. Further, the school did not produce its ledger for any of the years. The school sought time for producing the remaining records and accordingly the audit officer fixed 12/06/2013 as the date for producing the same.

**TRUE COPY**
Secretary

123
On 12/06/2013, Ms. Neeru Jain again appeared and produced the fee books receipts and registers for 2008-09, 2009-10 and 2010-11 which were examined by the audit officer and he observed that the fee charged was in accordance with the fee schedules submitted by the school.

In order to provide an opportunity of hearing to the school, the Committee issued notice dated 22/11/2013 for hearing on 03/12/2013. On this date, Sh. Permanand Saha, UDC of the school appeared and filed a letter seeking adjournment for one month. At his request, the hearing was adjourned to 09/01/2014. The hearing was preponed to 08/01/2014 on account of some changes in the schedule of the sittings of the Committee. On 08/01/2014, Sh. Permanand Saha, again appeared with an authorization from the Chairman of the school. During the course of hearing, he conceded that the school had hiked the fee by Rs. 175 per month for all the classes w.e.f. 01/04/2009 and the hike was much in excess of 10%. He also conceded, as had already been conceded by the school in its reply to the questionnaire, that the VI Pay Commission had been implemented w.e.f. November 2011 only. He also conceded that the school was charging Rs. 1500 as activity fee at the time of admission, besides the admission fee of Rs. 200 as laid down in the order dated 11/02/2009 and the levy of this fee was not reflected in the fee schedules filed by the school with the Directorate of Education.



TRUE COPY

W
Secretary

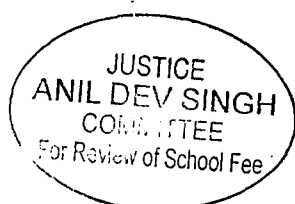
Discussion & Determination & Recommendations:

124
The Committee has considered the submissions of the school as also its reply to the questionnaires and the observations of the audit officer. The admitted position is that the school had hiked the fee by Rs. 175 per month w.e.f. 01/04/2009 while it itself claims to have implemented the VI Pay Commission report w.e.f. 01/11/2011. Therefore, the only issue that the Committee has to examine is whether such hike was within the tolerance limit of 10% or not.

In order to examine this issue, the fee structure of the school for the years 2008-09 and 2009-10, as verified by the audit officer from the fee receipts produced by the school, are reproduced below:

Class	Fee in 2008-09 (Rs.)	Fee in 2009-10 (Rs.)	Increase in 2009-10 (Rs.)	Percentage increase
Nursery Section	725	900	175	24.14%
Primary Section	875	1050	175	20.00%
Middle Section	950	1125	175	18.42%
Secondary Section	975	1150	175	17.94%

It will be seen from the above table that at every stage, the school has tried to hoodwink the Committee. First it maintained that the fee was hiked by 5%, then it went on to state that the hike was between 10% & 20%. However on verification, it has been found that the hike effected by the school was actually much more, ranging between 17.94% to 24.14%. Further, the school levies an activity fee



of Rs. 1500 from new students illegally as the same is not reported to the Directorate of Education as required under section 17(3) of the Delhi School Education Act, 1973.

In view of the foregoing findings, the Committee is of the view that the school was not justified in hiking the fee, taking advantage of order dated 11/02/2009 issued by the Director of Education. The fee hiked in the year 2009-10, in so far as it exceeds the tolerance limit of 10%, ought to be refunded along with interest @ 9% per annum. The school has itself admitted that it implemented the VI Pay Commission report w.e.f. 01/11/2011, the fee hiked in the years 2010-11 and 2011-12 upto 31/10/2011, to the extent it is relatable to the fee for 2009-10, which ought to be refunded, in terms of the recommendation of the Committee, should also be refunded along with interest @ 9% per annum. The Committee has not verified the claim of the school of having implemented the VI Pay Commission Report w.e.f. 01/11/2011 as the annual returns of the school for the year 2011-12 are not before the Committee. The Director of Education ought to conduct a special inspection to ascertain the factum of implementation of VI Pay Commission Report w.e.f. 01/11/2011 and in case it is found that the claim of the school is not true in this regard, the fee for the period subsequent to 31/10/2011, in so far as it relates to the fee for 2009-10 of which the Committee has recommended refund, ought also be refunded

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

TRUE COPY

W
Secretary

126
 along with interest @ 9% per annum. The Director of Education may also examine whether the school had taken prior approval for hiking the fee in mid session w.e.f. January 2012, as required under section 17(3) of the Act. Further, the school ought also to refund the activity fee of Rs. 1500 charged from the new students as the same is clearly an illegal charge, not having been reported in the financial returns of the school which are submitted to the Directorate of Education under the aforesaid section 17(3). This also should be refunded along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

Dr. R.K. Sharma
Member

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 20/01/2014

TRUE COPY



Secretary

B-123**B.V.M. Model Sr. Sec. School, Rajiv Nagar, Begum Pur,****Opp. Sector-22, Delhi - 110 086**

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).
2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.
3. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school had implemented the

**TRUE COPY**

Page 1 of 6

Secretary

128
recommendations of the 6th Pay Commission and had also increased the fee in terms of the order of the Director of Education dated 11.2.2009. In this view of the matter, the school was placed in category 'B'.

4. With a view to verify the returns, the Office of the Committee vide its notice dated 26.08.2013 required the school to appear on 19.09.2013 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire.

5. On 19.09.2013, Shri Rakesh Sharma, Manager and Shri V.B. Aggarwal, C.A., attended the Office of the Committee and produced the records. Reply to the questionnaire regarding development fee was also filed. As per the reply, the school had implemented the recommendations of the 6th Pay Commission w.e.f. 01.04.2010 and hiked the fee w.e.f. 01.04.2010 in terms of the order of the Director of Education dated 11.02.2009. The school has not charged development from the students.

6. The record, in the first instance, was examined by Shri A.D. Bhateja, Audit Officer of the Committee. He observed to the effect that:-

(i). The school did not increase tuition fee in 2009-10 but during 2010-11, the hike had been by Rs.400/- per month for all classes



TRUE COPY

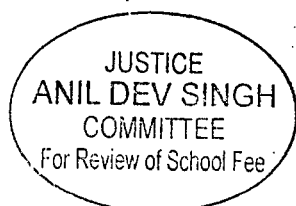
Secretary

which was much higher than permitted vide order of the Director of Education dated 11.02.2009.

- 129
- (ii). TA had not been paid to the staff even after the implementation of the report of the 6th Pay Commission w.e.f. 01.04.2010.
 - (iii). During April, 2010, salary to six teachers had not been paid. Similarly, during 2010-11, salaries to five to nine teachers had not been in any month. The Manager of the school has stated that the teachers those were not paid salaries remained on leave.
 - (iv). The school never deducted Income Tax or PF from the salaries of the staff and had also not filed Income Tax Returns for the years from 2008-09 to 2010-11.
 - (v). The salaries to the staff was paid in cash.
 - (vi). The accounts of the school had been compiled by M/s. Vishnu Aggarwal Associates but no audit report was available on record.

7. By notice dated 22.11.2013, the school was asked to appear on 06.12.2013 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school.

8. On 06.12.2013, Shri Rakesh Sharma, Manager and Shri V.B. Aggarwal, C.A., attended the Office of the Committee and requested for



TRUE COPY


Secretary

an adjournment. At their request, the matter was adjourned to 24.01.2014.

130

9. On 24.01.2014, Shri Rakesh Sharma, Manager and Shri V.B. Aggarwal, C.A., appeared before the Committee for hearing. It was confirmed by them that the salary to the staff is paid in cash and no TDS was deducted ever after the implementation of the recommendations of the 6th Pay Commission. The school, till date does not have a TAN. It was further contended that five to six teachers those who were without pay every month had resigned and their resignation have been accepted by the department. However, the school did not produce any proof of resignation of the staff members in support of their submissions. The school also field reply to the questionnaire regarding development fee. As per the reply, the school has not charged development fee from the students.

10. We have gone through the record, the observations of the Audit Officer and submissions of the school representatives.

11. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during the years 2009-10 and 2010-11 :



TRUE COPY

Page 4 of 6


Secretary

131

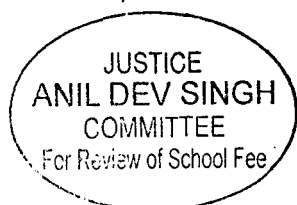
Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I to V	500	500	Nil	900	400
VI to VIII	700	700	Nil	1100	400
IX and X	900	900	Nil	1300	400

12. From the above, it is manifest that the school did not hike fee in the year 2009-10 but the hike during 2010-11 was much more than permitted vide order of the Director of Education dated 11.02.2009. The school claimed to have implemented the recommendations of the 6th Pay Commission but the salaries to the staff is being paid in cash. The school does not deduct any TDS and PF. The school did not have a TAN till date. The submission of the Manager of the school that a number of teachers were not paid salaries, due to their resignations being accepted by the department is hard to believe as he could not produce any documentary evidence in support of his submissions. So much so the Manager of the school has stated before the Audit Officer of the Committee that the teachers those were not paid salaries remained on leave. For these reasons, the claim of the school that the report of the 6th Pay Commission has been implemented w.e.f. 2010-11, cannot be accepted by the Committee.

TRUE COPY


Secretary

Page 5 of 6



RECOMMENDATION**Re. Fee Hike**

132
 Since the school has hiked the fee in excess to the permissible limit of 10% in 2010-11 for all classes, without implementing the recommendations of 6th Pay Commission, we are of the view that the increase in fee in excess of the tolerance limit of 10% was unjustified. Therefore, the Committee recommends that the fee hike effected by the school in 2010-11 in excess of 10% for afore-said classes, ought to be refunded along with interest @9% per annum from the date of its collection to the date of its refund.

Since, the fee hiked in 2010-11 is also part of the fee for the subsequent years, there would be a ripple effect in the subsequent years and the fee of the subsequent years to the extent, it is relatable to the fee hiked in 2010-11 ought also to be refunded along with interest @9% per annum from the date of its collection to the date of its refund.

Recommended accordingly.

Sd/-

**J.S. Kochar
Member**

Sd/-

**Justice Anil Dev Singh (Retd.)
Chairperson**

Sd/-

**Dr. R.K. Sharma
Member**

Dated:- 20.03.2014

TRUE COPY

Page 6 of 6



W
Secretary

The Adarsh Model School, Uttam Nagar, New Delhi-110059

133

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).
2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.
3. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school had implemented the recommendations of the sixth pay commission and had also increased the fee in terms of the order of the Director of Education dated 11-02-2009. In this view of the matter the school was placed in category 'B'.

**TRUE COPY**
Secretary

- 124
4. With a view to verify the returns, the office of the committee vide its notice dated 19-09-2013 required the school to appear on 11.10.2013 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire. On 11.10.2013, Ashwani Kumar, Manager attended the office of the Committee along-with the records. He also presented following reply to the aforesaid questionnaire.

S.No.	Query	Reply
1.	Whether the school has implemented the recommendations of the 6 th Pay Commission.	Yes
2.	If the answer to question no.1 is in the affirmative, please provide the following information (separate sheets may be used):- i. With effect from which date is the increased salary to staff being paid? ii. Furnish the details of salary payment to staff, pre and post implementation, of the 6 th Pay Commission. iii. Furnish the details of payment of arrears of salary to staff consequent to implementation of the 6 th Pay Commission.	April 2009 Pre- Rs.467,766/- Post- Rs.579821/- Nil
3.	Whether the school has increased the fee of the students consequent to implementation of the 6 th Pay Commission in terms of the Order No. F.DE./15(56)/ACT/2009/778 Dated 11.2.2009 of the Director of Education.	Yes

TRUE COPY




Secretary

4.	<p>If answer to question no.3 is in affirmative, please provide the following information (separate sheets may be used):</p> <ol style="list-style-type: none"> i. With effect from which date was the fee increased? ii. Furnish the details of fee charged from the students class wise, indicating the number of students in each class, pre and post such increase. iii. Furnish the details of arrear fee charged from the students consequent to implementation of the 6th Pay Commission. 	<p>April 2009</p> <p>Details Attached</p> <p>Nil</p>
----	--	--

5. It would appear from the reply to the questionnaire, that the school has implemented the recommendations of the 6th Pay Commission and has also hiked the fee.

6. The record produced by the school, in the first instance, was examined by Sh.N.S.Batra Audit Officer of the Committee. He observed to the effect that:-

- i. The school had partially implemented report of the 6th. Pay Commission. The school has paid Basic Pay and Grade Pay in accordance with the 6th.Pay Commission but H.R.A., D.A. and T.A. were only partially paid.
- ii. The Fee structure for 2008-09 and 2009-10 have been checked with the Fee Statement and fee receipt books and found to be in agreement with the fee structure.
- iii. The school has hiked the fee 2009-10 by Rs.200/- and by less than 10% in 2010-11.

TRUE COPY

N
Secretary



- 136
7. By notice dated 22.11.2013 the school was asked to appear on 06.12.2013 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school.
 8. On the scheduled date 06.12.2013 Sh. Ashwani Kumar, Manager, Sh. Ankit Ghai, A.O. and Sh. Puran Goswami, Accountant appeared before the committee. They submitted that the school had implemented the recommendations of the sixth pay commission partially and hiked the fee in 2009-10 in terms of the order of the Director of Education dated 11-02-2009. It was also contended that the school had charged development fee only from new students which has been treated as revenue receipt and has been utilised for the purchase of fixed assets.
 9. The salary records of the school were examined by the Committee with reference to the bank statements and it was observed that almost all the cheques of salary for the month were encashed on a single date and that too many days after their dates of issue. On query by the Committee, the representatives of the school confirmed that except for two or three teachers, all the staff are paid salaries by bearer cheques.
 10. We have gone through the record, observations of the Audit Officer and submissions of the school representatives. The Audit Officer had



TRUE COPY


Secretary

checked the Fee Receipt Books and Fee Registers for the academic sessions 2008-09 to and 2010-11 with the Fee Structures.

11. The following chart, which is culled out for the record would show the exact extent of hike in tuition fee during the academic sessions 2009-10 and 2010-11

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I to V	700	900	200	950	50
VI	750	950	200	1040	90

12. From the above it is manifest that the increase in fee for all classes during the years 2009-10 was in terms of the order of the Director of Education dated 11.02.2009. During 2010-11 the hike in fee was within 10%.
13. On the basis of the records of the school examined by the Committee and the submissions of its representatives, it can be said that the school did not implement the 6th. Pay Commission report. The increased salary is only being shown in the papers.



TRUE COPY

M
Secretary

RECOMMENDATION**Reg.Fee Hike**

Since the school has utilised the order of the Director of Education dated 11.02.2009 for enhancing the tuition fee without implementing the recommendations of 6th. Pay Commission, we are of the view that the increase in fee in excess of the tolerance limit of 10%, was unjustified. Therefore, the committee recommends that the fee effected by the school in 2009-10 in excess of 10% ought to be refunded along with interest @9% per annum.

Since, the fee hiked in 2009-10 is also part of the fee for the subsequent years, there would be a ripple effect in the subsequent years and the fee of the subsequent years to the extent, it is relatable to the fee hiked in 2009-10 ought also to be refunded along with interest @9% per annum.

Reg. Development Fee.

14. The school has charged development fee in the following manner:-

<u>Year</u>	<u>Development Fee charged</u>
2006-07	Rs. 69,750.00
2007-08	Rs. 45,750.00
2008-09	Rs. 1, 92,850.00
2009-10	Rs. 2, 30,200.00
2010-11	Rs. 1.79, 850.00

TRUE COPY


Secretary



As per the own submission of the school, the development fee was treated as a revenue receipt and no earmarked depreciation reserve fund was maintained. Therefore, in view of the Committee, the school was charging the same without complying with any of the pre-conditions prescribed by the Duggal Committee, which were affirmed by the Hon'ble Supreme Court in the case of Modern School Vs. Union of India &Ors. Since the Committee is examining the fee pursuant to order dated 11.02.2009 of the Director of Education, the Committee is of the view that an amount of Rs.4,10,050.00, charged as development fee during 2009-10 and 2010-11 ought to be refunded along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

J.S. Kochar
Member

Sd/-

Dr. R.K. Sharma
Member

Dated:-11.12.2013



TRUE COPY

Secretary

140
Nav Gian Deep Public School, Vijay Enclave,

Dabri Palam Road New Delhi - 110 045

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).
2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.
3. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school had implemented the

TRUE COPY

Page 1 of 6




Secretary

14) recommendations of the 6th Pay Commission and had also increased the fee in terms of the order of the Director of Education dated 11.2.2009. In this view of the matter, the school was placed in category 'B'.

4. With a view to verify the returns, the Office of the Committee vide its notice dated 29.07.2013 required the school to appear on 27.08.2013 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire. On 26.08.2013, Shri Amarjeet Singh, teacher of the school produced a letter from the Head of the school requesting for extension of 15 days for the verification of records. At the request, the school was directed to attend the Office of the Committee on 12.09.2013 along with all relevant records for verification.

5. On 12.09.2013, Shri K.C. Joshi, Member of the Managing Committee, Shri Amarjeet Singh, Teacher and Shri S.K. Sharma, Part-Time Accountant of the school attended the Office of the Committee and produced the records. Reply to the questionnaire regarding development fee was also filed. As per the reply the school, neither had implemented the recommendations of the 6th Pay Commission, nor had hiked the fee in terms of the order of the Director of Education dated 11.02.2009. However, the school had charged development fee w.e.f. 2008-09 and the



TRUE COPY

Page 2 of 6


Secretary

same was treated as revenue receipt, but no separate depreciation reserve fund had been maintained.

142

6. The record, in the first instance, was examined by Shri A.D. Bhateja, Audit Officer of the Committee. He observed to the effect that:-

- (i). The school had increased tuition fee in 2009-10 by 10% for all the classes. During 2010-11, the hike had been from 10% to 43.33% for different classes.
- (ii). The salary to the staff was paid on pre-revised scale in cash.
- (iii). The school never deducted TDS and PF from the salary of the staff

7. By notice dated 22.11.2013, the school was asked to appear on 06.12.2013 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school. On 06.12.2013, no one appeared before the Committee for hearing. However, the Committee received a letter from the Chairman / Manager of the school requesting for adjournment of the hearing due to the marriage of his daughter on 06.12.2013. At the request of the Manager of the school, the matter was adjourned to 24.01.2014.



TRUE COPY

W
Secretary

143

8. On 24.01.2014, Shri Kuldeep Sharma, Manager of the school, Shri Amar Jeet Singh, Teacher, Shri Vasudev Sharma, Accountant and Shri K.C. Joshi, Member M.C. appeared before the Committee. It was contended by them that the school has not implemented the recommendations of the 6th Pay Commission. However, the fee during 2009-10 was hiked by 10%, but in 2010-11, the hike was similar to that of previous year except for three classes where the hike was substantially more than 10%. It was further contended that the school has charged development fee and the same is used to meet out the deficit on account of salary.

9. We have gone through the record, the observations of the Audit Officer and submissions of the school representatives.

10. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during the years 2009-10 and 2010-11 :-

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
Pre-primary	---	300	---	385	85
I	330	360	30	395	35
II and III	350	385	35	420	35
IV and V	385	415	30	455	40



TRUE COPY


Secretary

VI to VIII	475	520	45	570	50
IX	690	750	60	1075	325
X	745	815	70	1145	330

11. From the above, it is manifest that the increase in fee for all classes during the year 2009-10 was within the permissible limit of 10%. During 2010-11, the school hiked the fee substantially more than 10% for pre-primary, IX and X classes. The school has not implemented the recommendations of the 6th Pay Commission. The school has charged development fee from the students.

RECOMMENDATION

Re. Fee Hike

Since the school has hiked the fee in excess to the permissible limit of 10% in 2010-11 for pre-primary, IX and X classes, without implementing the recommendations of 6th Pay Commission, we are of the view that the increase in fee in excess of the tolerance limit of 10% was unjustified. Therefore, the committee recommends that the fee hike effected by the school in 2010-11 in excess of 10% for the afore-said classes, ought to be refunded along with interest @9% per annum.

Since, the fee hiked in 2010-11 is also part of the fee for the subsequent years, there would be a ripple effect in the subsequent



TRUE COPY

Page 5 of 6


Secretary

years and the fee of the subsequent years to the extent, it is relatable to the fee hiked in 2010-11 ought also to be refunded along with interest @9% per annum.

Re. Development Fee

The school has charged development fee in the following manner: -

<u>Year</u>	<u>Amount</u>
2008-09	Rs.3,33,950/-
2009-10	Rs.4,37,355/-
2010-11	Rs.6,46,455/-

With regard to development fee, the Committee is of the view that the school was not complying with any of the pre-conditions prescribed by the Duggal Committee, which were affirmed by the Hon'ble Supreme Court in the case of Modern School Vs. Union of India & Ors. Therefore, development fee collected by school to the tune of Rs.10,83,810/- during 2009-10 and 2010-11 in pursuance of order of the Director of Education dated 11.02.2009 ought to be refunded along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Dated:- 13.03.2014

TRUE COPY

Secretary

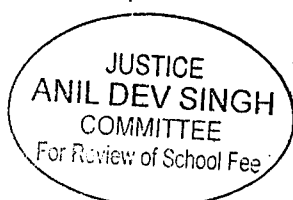


Sardar Patel Vidyalaya, Lodhi Estate, New Delhi-110003

146
The school, in response to a requisition made by the Dy. Director of Education of the District, the school furnished copies of returns submitted by it under Rule 180 of Delhi School Education Rules 1973 for the years 2006-07 to 2010-11 to the Education Officer. Along with these returns, the school also furnished its statement of fees for these years as well as details of salary paid by it to its staff before implementation of VI Pay Commission Report and after its implementation. Details of arrears paid to the staff were also furnished. These were forwarded to this Committee by the concerned district office.

Again, in response to the questionnaire dated 27/02/2012 issued by the Committee, the school submitted its reply vide letter dated 06/03/2012 along with Annexures giving details. As per the reply, the school submitted that it had implemented the VI Pay Commission Report w.e.f. 01/01/2006 and had paid full arrears. With regard to the hike in fee in terms of order dated 11/02/2009 of the Director of Education, the school stated that it had hiked the fee w.e.f. 01/04/2009 and had recovered the arrears only w.e.f. 01/09/2008. Based on this information, the school placed in Category 'B'.

Preliminary examination of the financials of the school was carried out by M/s. GSA Associates, Chartered Accountants, who



have been detailed with this Committee by the Directorate of Education. As per the preliminary calculations,

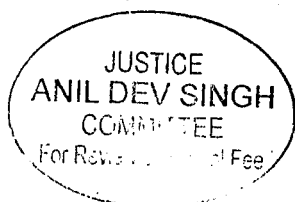
147

- (i) the school had available to it funds to the tune of Rs. 2,82,09,005 as on 31/03/2009.
- (ii) The school generated a sum of Rs. 2,13,22,800 by hiking the fee from 01/04/2009 to 31/03/2010, in terms of order dated 11/02/2009 of the Director of Education.
- (iii) The arrear fee for the period 01/09/2008 to 31/03/2009 was taken as Rs. NIL.
- (iv) Although as per the fee schedules of the school, the school had introduced a new levy in the shape of development fee in the year 2009-10, which was shown as a revenue receipt in its financial statements, no revenue on this account was taken into consideration in the preliminary calculations.
- (v) The total impact of implementation of VI Pay commission Report by way of payment of arrears of increased salary was Rs. 3,74,26,919.
- (vi) Taking the above figures into account, it was calculated that the school recovered fee in excess of its requirements for implementation of VI Pay commission Report to the tune of Rs. 1,21,04,886.
- (vii) The school hiked the fee for Nursery classes by Rs. 1500 per month per student and for classes I to XII by Rs. 1200



148
per month per student, whereas the maximum fee hike allowed to the school was Rs. 500 per month as per order dated 11/02/2009.

The school was issued a notice dated 17/06/2013 for providing it an opportunity of being heard on 03/07/2013. As it appeared that the school had also charged, inter alia, development fee, a questionnaire regarding the receipt and utilisation of the same, as also regarding maintenance of development fund and depreciation reserve fund was issued to the school. On the scheduled date, Sh. Nilesh K Dedonia, Manager of the school appeared with Sh. Rajeev Pant and Sh. Surinder K Gupta, Accountant. The school also filed reply to the questionnaire regarding development fee, which will be adverted to when we discuss the issue of development fee. During the course of hearing, it became apparent that the school had not given complete information in its reply to the questionnaire dated 27/02/2012 issued by the Committee. Neither schedules of Balance Sheets and Income & Expenditure Accounts nor copies of audit reports had been furnished for any of the years from 2006-07 to 2010-11. The school was advised to furnish these documents as also month wise detail of salary for the year 2008-09 and 2009-10 with consequential allowances and benefits as also detail of arrear fee received for the periods 01/01/2006 to 31/08/2008 and 01/09/2008 to 31/03/2009. During the course of hearing, it was submitted on behalf of the school that the school had taken a group gratuity policy from Life Insurance



149 Corporation of India and thus the school had no liability for payment of gratuity. It was however, contended that the additional gratuity paid on account of revision of salary as per VI Pay Commission Report had been paid by the school. The school was advised to furnish details of such payment also.

The school furnished the required details on 15/07/2013. In the light of the additional information furnished by the school, the preliminary calculation sheet as prepared by the Chartered Accountants detailed with this Committee, was reviewed by the Committee and it found the same to be substantially incorrect mainly for four reasons. Firstly the funds available with the school at the threshold were calculated with reference to the balance sheet as on 31/03/2009, whereas the school had hiked the fee w.e.f. 01/09/2008 and as such the position of availability of funds ought to have been calculated with reference to balance sheet as on 31/03/2008. Secondly the calculations were made erroneously by taking the monthly increase of Rs. 1500 and Rs. 1200, whereas as per the fee schedules of the school, they represented quarterly figures. Thirdly, no arrear fee for the period 01/09/2008 to 31/03/2009 was taken into account despite the school stating unambiguously in its reply to the questionnaire that it had recovered the same from the students. Fourthly, the arrears of development fee recovered in 2009-10 which were accounted for as revenue receipt and utilised for meeting the increased obligations of the school on account of implementation of VI

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

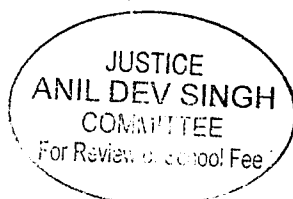
TRUE COPY


Secretary

150
Pay Commission Report had not been taken into account in the preliminary calculations. In light of these discrepancies, the preliminary calculation sheet was rejected and the Committee got prepared the revised calculation sheet from one of its audit officers.

As per the revised calculations, the school had available to it, funds to the tune of Rs. 2,81,26,756 as on 31/03/2008, the additional revenue generated by recovering the arrear fee for the period 01/09/2008 to 31/03/2009 was Rs. 1,58,10,850 which included arrears of development fee of Rs. 59,02,370. The additional fee recovered by the school for the period 01/04/2009 to 31/03/2010 was Rs. 71,07,600. The total impact of implementation of VI Pay Commission Report was Rs. 4,32,52,083. After factoring in these figures, prima facie, the school had recovered fee in excess of its requirements to the tune of Rs. 77,93,123.

The school was, served with a fresh notice dated 02/09/2013 for providing it an opportunity of hearing by the Committee on 13/09/2013. On this date, Sh. Nilesh Dedonia, Manager appeared with Sh. Rajeev Pant, Bursar , Sh. S.K. Gupta, Accountant and Sh. S. Ghosh, Assistant. They were provided with the revised calculation sheet prepared by the Committee and were partly heard thereon. It was contended that certain funds which had been included as part of funds available as on 31/03/2008 could not be considered as available for payment of increased salaries. Rest of the calculations were not disputed. However, the school sought some time to file

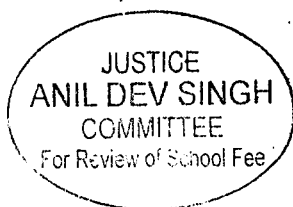


151

written submissions. Accordingly the matter was directed to be listed on 20/09/2013. On this date, a request was made for postponement of hearing for two weeks on account of preoccupation of the Chartered Accountant of the school. As per their request, the hearing was postponed to 07/10/2013. On this date also, a request was made for adjournment on account of the resignation of the Manager of the school. Accordingly, the matter was directed to be relisted on 25/10/2013.

On the adjourned date of hearing, Sh. Jagdeep Rana, President, Sh. Mohit Parikh, Vice President, Sh. Manish Mehta, Treasurer, Sh. Rajeev Pant, Office Manager and Sh. S.K. Gupta, Accountant of the school appeared. The school filed written submissions dated 23/10/2013 along with annexures, disputing the calculation sheet of the Committee.

During the course of hearing, it came out that the school was transferring funds to its parent society, equivalent to depreciation on assets belonging to the society, which were being used by the school. The school sought time to file documentary evidence to substantiate its claim that the funds transferred to the society had come back to the school by way of expenditure on maintenance of the assets. The school also sought liberty for filing details of its accrued liability of leave encashment as on 31/03/2008 and 31/03/2010. As requested by the school, the matter was adjourned to 28/10/2013. On this date, the aforesaid representatives of the school appeared and filed



152
written submissions dated 27/10/2013 along with copies of the balance sheets of the society in support of the proposition that the capital assets usage charges transferred by the school to the society had been used for school only. The school also filed details of its accrued liability of leave encashment as on 31/03/2008 and 31/03/2010. After the conclusion of hearing on 28/10/2013, the school filed fresh written submissions dated 30/10/2013 stating, inter alia, that the issue of fee hike in the year 2009-10 ought not be considered in isolation and due weightage should be given to the fact that the school did not hike any fee in 2007-08 and 2008-09. The gist of the submissions made by the school on various dates can be summarised as follows:

Submissions:

- (a) The school had total funds amounting to Rs. 3,28,40,731, available with it as on 31/03/2008. The details of such funds along with the source of their accretion is as follows:

S.No.	Name of the Fund	Amount	Source of accretion
(a)	Capital purchased fund	17,42,531	Mainly depreciation
(b)	Principal's fund	17,31,759	Donations
(c)	Retirement benefit fund (leave encashment)	7,21,648	Transfer from Income & Expenditure Account
(d)	Recognised unaided school fund	11,40,936	Transfer from Income & Expenditure Account
(e)	Sports & activity fund	50,17,079	Unclaimed caution money and interest

			on caution money deposits
(f)	Transport fund - PTA	3,24,231	Donations and sale of bus
(g)	Welfare fund (Smt. Jasiben and Raghubhai Nayak)	2,56,823	Donations
(h)	Development fund	29,45,285	Transfer from Income & Expenditure Account
(i)	Reserve fund	1,28,26,266	Transfer from Income & Expenditure Account
(j)	Capital assets fund	61,34,173	Transfer from Capital purchase fund
	Total	3,28,40,731	

(b) The school, in fact had a deficiency to the tune of **Rs. 30,69,039** after implementation of VI Pay Commission Report as against a surplus of **Rs. 77,93,123** as projected in the calculations of the Committee. (The school filed its own calculation sheet along with the written submissions with supporting documents.) The school contended that FDRs aggregating Rs. 1,08,62,161 ought not be considered as funds available for implementation of VI Pay Commission Report as the same were held against earmarked funds. If such FDRs were excluded from the amount determined by the Committee to be available with the school, the result would be that the school had a deficiency of Rs. 30,69,039 after implementation of the VI Pay Commission Report.



TRUE COPY

[Signature]
Secretary

- 154
- (c) The school had a liability of Rs. 39,52,269 on account of leave encashment of staff as on 31/03/2008 and Rs. 61,45,163 as on 31/03/2010.
- (d) From 2002-03 to 2012-13, the school transferred a sum of Rs. 4.04 crores (Rs. 3.14 crores upto 2010-11) to Gujarat Education Society, which runs the school by way of fixed assets usage charges for use of building which houses the school. The aforesaid society had spent a sum of Rs. 4.76 crores (Rs. 2.90 crores upto 2010-11) for creating fixed assets of the school during the corresponding period. The detail of fixed assets usage charges paid to the society and the detail of assets purchased/created by the society for the use of the school were also furnished along with ledger accounts for such fixed assets in the books of the society. It was thus contended that there was no diversion of funds to the society from the school.
- (e) The school did not hike any fee in 2007-08 and 2008-09 and the hike in fee effected in 2009-10 was not sufficient to cover fully the additional liability of the school on account of implementation of VI Pay Commission Report.
- (f) The school has never charged any development fee , even though it is permissible. If this amount was recovered, the school would have been entitled to Rs. 44 lacs (approx) and this shows that the school had no motive of profiteering. The school relied upon the judgment of the Hon'ble Supreme

TRUE COPY
Secretary

155
Court in TMA Pai Foundation case in support of the proposition that in the matter of determination of the fee structure, unaided educational institutions exercise great autonomy and are entitled to a reasonable surplus. Only commercialization of education was prohibited.

(g) The school is an unaided minority institution and it is judicially accepted that minority institution can have a different fee structure so long as they do not indulge in charging capitation fees or profiteering.

Discussion

The Committee has perused the returns of the school under Rule 180 of Delhi School Education Rules, the preliminary calculation sheet prepared by the audit officer of the Committee, the calculation sheet submitted by the school, the written and oral submissions made by the school during the course of hearing.

While deliberating upon the recommendations to be made in the case of this school, the Committee felt that before examining the issue of availability of funds vis a vis additional liability befalling on the school on account of implementation of VI Pay Commission report, the Committee must examine as to whether the school had in fact hiked the fee in terms of the order dated 11/02/2009 issued by the Director of Education. This is for the reason that the mandate of the Committee is to examine the fee hiked by the school pursuant to the aforesaid order with a view to determining whether the hike was



156 justified or was excessive. In order to examine this issue, it is imperative that the fee hiked by the school in the years prior to 2009-10 be examined. This issue arises in view of the contention of the school that it did not hike any fee whatsoever in 2007-08 and 2008-09, when it is more or less a norm for all the schools to hike the fee to the tune of 10% every year, without any objection from the Directorate of Education. The Committee has, in the case of another school, namely **Gurusharan Convent, Paschim Vihar, New Delhi**, has held that where the school did not hike any fee, whatsoever, for the past two years, the hike in fee in 2009-10 ought not be considered in isolation and the hike should be spread over a period of three years. However, since the issue of fee hike in the years 2007-08 and 2008-09, when the school claimed not to have hiked any fee whatsoever, had not been examined by the Committee, the Committee thought it fit to have this issue examined first by one of its audit officers. Accordingly, vide letter dated 11/02/2014, the school was directed to produce its fee schedules, fee receipts, fee registers, cash books and ledgers for the years 2006-07 to 2008-09 in the office of the Committee on 21/02/2014 for verification.

The school produced the aforesaid records on the scheduled date through Sh. Rajiv Pant, officiating Manager and Sh. S.K. Gupta, Accountant. These were examined by Ms. Sunita Nautiyal, Audit Officer of the Committee. After examination of the records produced, the audit officer made the following observations:



TRUE COPY
Secretary

- 157
- (a) The school was charging **the same fee** in all the three years under all the heads.
- (b) The fee was deposited by the students directly in the bank which is running in the school premises.
- (c) The school makes the entries in its accounts at the end of each month on receiving the fee scroll from the bank.

In view of the above factual findings, the fee hiked by the school in the year 2009-10 needs to be considered. For the facility of comparison, the tuition fee, calculated on monthly basis, though charged on quarterly basis, by the school from 2007-08 to 2009-10 is tabulated below:

Class	Fee in 2006-07 (Rs.)	Fee in 2007-08 (Rs.)	Fee in 2008-09 (Rs.)	Fee in 2009-10 (Rs.)	Increase in fee in 2009-10 over the fee in 2006-07 (Rs.)	Percentage increase in 2009-10 over 2006-07	Percentage increase (annualized)
Nursery	2,030	2,030	2,030	2,530	500	24.63%	8.21%
I	1,700	1,700	1,700	2,100	400	23.52%	7.84%
II to X	1,700	1,700	1,700	2,100	400	23.52%	7.84%
XI & XII	1,700	1,700	1,700	2,100	400	23.52%	7.84%

As is evident from the above table, in so far as tuition fee is concerned, although the school seemingly hiked the fee in accordance with order dated 11/02/2009 issued by the Director of Education, when viewed in the backdrop of no fee hike from 2006-07 to 2008-09, the hike averaged only about 8% on annual basis.



TRUE COPY
Secretary

In view of the facts and circumstances of this case, the Committee does not feel that it should recommend the refund of any part of the hiked tuition fee.

158

Development Fee

In reply to the questionnaire regarding development fee issued by the Committee, the school stated that it had collected a sum of Rs. 59,02,370 only in the year 2009-10 and the entire amount was utilised for making payment of arrears of VI Pay Commission to staff. Accordingly it was treated as a revenue receipt and no assets were acquired out of the same and hence no earmarked depreciation reserve fund was maintained.

The Committee is of the view that the logic of recommending no refund in tuition fee cannot be extended to the development fee. The recovery and utilisation of development fee has to follow certain norms. The development fee can only be charged for purchase or upgradation of furniture and fixture and equipments. The charge of development fee is further conditional upon the school maintaining a development fund account and a separate depreciation reserve fund account on the assets acquired out of development fund. In this context, it would be apposite to reproduce here-in-below the excerpts of the Duggal Committee report, which recommended the norms relating to whole gamut of development fee for the first time. The Committee observed as follows:

TRUE COPY

Secretary



159

18. Besides the above four categories, the schools could also levy a Development Fee, as a capital receipt, annually not exceeding 10% of the total annual Tuition Fee, for supplementing the resources for purchase, upgradation and replacement of furniture, fixtures and equipment, provided the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue account. While these receipts should form part of the Capital Account of the school, the amount collected under this head along with any income generated from the investment made out of this fund, should however, be kept in a separate 'Development Fund Account'.

Pursuant to this report, the Government of National Capital Territory of Delhi passed an order dated December 15, 1999 in order to give effect to the recommendations of Ms. Justice Santosh Duggal Committee Report and issued certain directions. One of the directions (no. 7) given vide the aforesaid order permitted the schools to charge Development fee not exceeding 10% of the total annual tuition fee for supplementing the resources for the purpose of purchase, upgradation and replacement of furniture, fixtures and equipment, provided it is treated as capital receipt and is collected only if the school is maintaining a depreciation reserve fund, equivalent to the depreciation charged in the revenue accounts. It also directed that the collection under this head along with any income generated from the



TRUE COPY

Secretary

investment made out of this fund will be kept in a separately maintained development fund account.

160
The Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583, considered the following point, amongst others:

“Whether managements of Recognized unaided schools are entitled to set-up a Development Fund Account under the provisions of the Delhi School Education Act, 1973?”

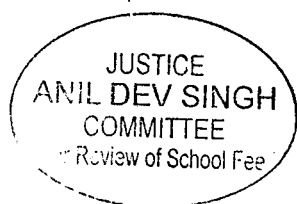
The Hon'ble Supreme Court held as follows:

25. In our view, on account of increased cost due to inflation, the management is entitled to create Development Fund Account. For creating such development fund, the management is required to collect development fees. In the present case, pursuant to the recommendation of Duggal Committee, development fees could be levied at the rate not exceeding 10% to 15% of total annual tuition fee. Direction no.7 further states that development fees not exceeding 10% to 15% of total annual tuition fee shall be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixtures and equipments. It further states that development fees shall be treated as Capital Receipt and shall be collected only if the school maintains a depreciation reserve fund. In our view,



161
direction no.7 is appropriate. If one goes through the report of Duggal Committee, one finds absence of non-creation of specified earmarked fund. On going through the report of Duggal Committee, one finds further that depreciation has been charged without creating a corresponding fund. Therefore, direction no.7 seeks to introduce a proper accounting practice to be followed by non-business organizations/not-for-profit organization. With this correct practice being introduced, development fees for supplementing the resources for purchase, upgradation and replacements of furniture and fixtures and equipments is justified. Taking into account the cost of inflation between 15th December, 1999 and 31st December, 2003 we are of the view that the management of recognized unaided schools should be permitted to charge development fee not exceeding 15% of the total annual tuition fee.

Hence, in view of the law laid down by the Hon'ble Supreme Court, the school could only collect development fee in 2009-10 for purchase or upgradation of furniture & fixture and equipments and that too if the development fee was treated as a capital receipt and earmarked funds for development fee and depreciation reserve were maintained. The school, of its own showing, did not fulfill any of the pre conditions so laid by the Hon'ble Apex Court. It admittedly treated development fee as a revenue receipt and admittedly utilised it for payment of arrears of salary arising on account of



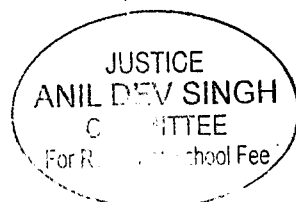
162
 implementation of VI Pay Commission Report. The order dated 11/02/2009 issued by the Director of Education, only permitted the schools to use the arrears of development fee which would accrue to them on account of hike in tuition fee with retrospective effect from 01/09/2008 and upto 31/03/2009. The school, in the reply dated 06/03/2012, to the questionnaire issued by the Committee of its own stated that only arrears of tuition fee w.e.f. 01/09/2008 were charged from the students. Since no arrears of development fee were charged from the students, the question of its utilisation for payment of arrears of salary did not arise.

The development fee charged in 2009-10 had to follow the norms laid down by the Duggal Committee as affirmed by the Hon'ble Supreme Court, which the school admittedly did not follow, having treated development fee as a revenue receipt and utilised the same for meeting revenue expenses i.e. arrears/incremental salary on implementation of 6th Pay Commisiion.

In view of the foregoing discussion, the Committee is of the view that the development fee charged by the school in 2009-10, amounting to Rs. 59,02,370, was unauthorized and ought to be refunded along with interest @ 9% per annum.

Funds diverted by the school to Gujarat Education Society

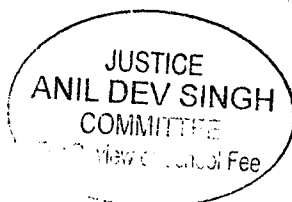
The school has been transferring funds to its parent society i.e. Gujarat Education Society, equivalent to depreciation on the fixed



163
 assets, mainly school building, by way of fixed assets usage charges over a number of years. The total amount transferred by the school to its parent society upto 31/03/2010 was **Rs. 3,13,66,000**, as per the submissions dated 27/10/2013 filed by the school. The fancy terminology adopted by the school is nothing but a euphemism for rent of fixed assets; mainly school building which has been constructed by the society for use of the school. The argument of the school is that whatever amount is transferred by the society by way of usage charges comes back to the school in the shape of additional fixed assets. While this may be true, the same is not permissible under the law. The school might in certain circumstances be justified in utilizing its savings for incurring certain capital expenditures. However, there is no justification for transferring the amount to the society, which may or may not utilize the same for the benefit of the school.

In this context, it would be in order to examine the issue in the light of the orders issued by the Director of Education and the judgments of Hon'ble Supreme Court, which have a bearing on the issue. After submission of Duggal Committee Report, the Director of Education issued order No. De.15/Act/Duggal.com/203/99/23033-23980 dated 15/12/1999. Para 8 of this order reads as follows:

8. Fees/Funds collected from the parents/students shall be utilised strictly in accordance with rules 176 and 177 of the Delhi School Education Rules, 1973. No amount whatsoever shall be transferred from the recognized unaided school fund of a school to the society or the trust or any other institution.



The implication of direction no. 8 of the aforesaid order was considered by the Hon'ble Supreme Court in the case of Modern School vs. Union of India & Ors. (supra). The Hon'ble Supreme Court held :

164
 "Rule 177(1) refers to income derived by unaided recognized school by way of fees and the manner in which it shall be applied/utilized. Accrual of income is indicated by Rule 175, which states that income accruing to the school by way of fees, fine, rent, interest, development fees shall form part of Recognized Unaided School Fund Account. Therefore, each item of income has to be separately accounted for. This is not being done in the present case. Rule 177(1) further provides that income from fees shall be utilized in the first instance for paying salaries and other allowances to the employees and from the balance the school shall provide for pension, gratuity, expansion of the same school, capital expenditure for development of the same school, reserve fund etc. and the net savings alone shall be applied for establishment of any other recognized school under Rule 177(1)(b). Under accounting principles, there is a difference between appropriation of surplus (income) on one hand and transfer of funds on the other hand. In the present case, Rule 177(1) refers to appropriation of savings whereas Clause 8 of the order of Director prohibits transfer of funds to any other institution or society. This view is further supported by Rule 172 which states that No. fee shall be collected from the student by any trust or society. That fees shall be collected from the student only for the school and not for the trust or the society. Therefore, one has to read Rule 172 with Rule 177. Under Rule 175, fees collected from the school have to be credited to Recognized Unaided School Fund. Therefore, reading Rules 172, 175 and 177, it is clear that appropriation of savings (income) is different from transfer of fund. Under Clause 8, the management is restrained from transferring any amount from Recognized Unaided School Fund to the society or the trust or any other institution, whereas Rule 177(1) refers to appropriation of savings (income) from revenue account for meeting capital expenditure of the school. In the circumstances, there is No. conflict between Rule 177 and Clause 8."

In the case of Action Committee Unaided Pvt. Schools and Ors. v. Director of Education and Ors. 2009 (11) SCALE 77, which was a



TRUE COPY

W
 Secretary

review of the judgment in the case of Modern School, supra, the Hon'ble Supreme Court held as follows:

165
18 S/Shri Soli J. Sorabjee and Salman Khurshid, learned senior counsel appearing on behalf of the Action Committee and other review petitioners, submitted that clause 8 of the Order issued by DOE dated 15/12/1999 is causing administrative difficulties which needs to be clarified. This court vide majority judgment has held that clause 8 is in consonance with rule 177 of Delhi School Education Rules, 1973. Rule 177 has been quoted herein above. Under clause 8, DOE has stipulated that "no amount whatsoever shall be transferred from the recognized unaided school fund of a school to the society or the trust or any other institution." According to the learned senior counsel, a rider needs to be introduced in clause 8, namely, "except under the management of the same society or trust". Thus according to the learned counsel, if the suggested rider is added in clause 8 then the Management would have no grievance with the majority view. Thus according to the learned counsel, clause 8 should be read as follows:

"No amount whatsoever shall be transferred from the Recognized unaided school fund of a school to the society or the trust or any other institution except under the management of the same society or trust"

19. According to the learned counsel, if the suggested rider is added to clause 8 then it would subserve the object underlying the 1973 Act.

20. There is merit in the argument advanced on behalf of the Action Committee/Management. The 1973 Act and the Rules framed thereunder cannot come in the way of the Management to establish more schools. So long as there is a reasonable fee structure in existence and so long as there is transfer of funds from one institution to the other under the same management, there cannot be any objection from the Department of Education.

A conjoint reading of the aforesaid two judgments leads to an inescapable conclusion that while the school is free to transfer funds out of its savings as computed under Rule 177 of Delhi School Education Rules, 1973 to another institution under the same management of the Society or Trust for establishment of more schools, there is a prohibition on transferring funds to the Society or Trust itself.

TRUE COPY



166
In the instant case, the school has transferred funds to Gujarat Education Society itself in the name of paying usage charges for fixed assets. In view of the Committee, the school could not have transferred any funds to the Society in any shape and hence the funds transferred by the school to the Society amounting to Rs. 3,13,66,000 (upto 31/03/2010), and the amounts similarly transferred in the subsequent years, ought to be recovered by the school from its parent society, in so far as they exceed the amount that has come back to the school by way of fixed assets purchased by the society for use by school and such fixed assets should be brought in the books of the school. In future, the school should refrain from transferring any funds to the society.

Recommendations:

In view of the foregoing discussions, the Committee makes the following recommendations:

- 1. No part of tuition fee recovered by the school, in pursuance of order dated 11/02/2009, needs to be refunded;**
- 2. The development fee amounting to Rs. 59,02,370, which was recovered in 2009-10, ought to be refunded along with interest @ 9% per annum.**
- 3. The school should recover the amounts transferred by it to Gujarat Education Society over a number of years in the shape of Assets usage charges, to the extent they have not**



come back to the school in the shape of assets purchased by the society for the school. Such assets should be brought in the books of the school. In future, the school should refrain from transferring any funds to the society.

4. A suitable mechanism may be created by the Hon'ble High Court to oversee the implementation of recommendation no. 3 as above, if deemed appropriate.

167
Recommended accordingly.

Sd/-

Dr. R.K. Sharma
Member

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 06/03/2014

TRUE COPY


Secretary



168

Happy Senior School, Kirti Nagar, New Delhi - 110 015

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).
2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.
3. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had implemented the recommendations of the sixth pay commission and had also increased



TRUE COPY

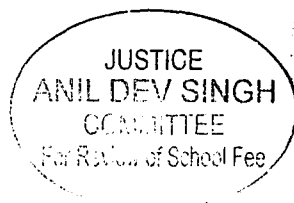
Page 1 of 8

Secretary

169
the fee in terms of the order of the Director of Education dated 11-02-2009. In this view of the matter the school was placed in category 'B'.

4. With a view to verify the returns, the office of the committee vide its notice dated 23-09-2013 required the school to appear on 21.10.2013 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire. On 21.10.2013, the Office of the Committee received a letter requesting for extension of date for the verification of record. At the request of the school, it was directed to attend the Office of the Committee on 11-11-2013 along-with all the requisite records for verification. On 11-11-2013, Shri Umesh Kumar, Chairperson of the school attended the Office of the Committee. He also presented following reply to the aforesaid questionnaire.

S.No.	Query	Reply
1.	Whether the school has implemented the recommendations of the 6 th Pay Commission.	Yes
2.	If the answer to question no.1 is in the affirmative, please provide the following information (separate sheets may be used):- i. With effect from which date is the increased salary to staff being paid? ii. Furnish the details of salary payment to staff, pre and post implementation, of the 6 th Pay Commission.	April 2009 Pre- Rs.3,83,707/- Post- Rs.6,02,355/-



TRUE COPY

Page 2 of 8

[Signature]
Secretary

	iii. Furnish the details of payment of arrears of salary to staff consequent to implementation of the 6 th Pay Commission.	Nil
3.	Whether the school has increased the fee of the students consequent to implementation of the 6 th Pay Commission in terms of the Order No. F.DE./15(56)/ACT/2009/778 Dated 11.2.2009 of the Director of Education.	Yes
4.	If answer to question no.3 is in affirmative, please provide the following information (separate sheets may be used): i. With effect from which date was the fee increased? ii. Furnish the details of fee charged from the students class wise, indicating the number of students in each class, pre and post such increase. iii. Furnish the details of arrear fee charged from the students consequent to implementation of the 6 th Pay Commission.	April 2009 Details Attached Nil

5. It would appear from the reply to the questionnaire, that the school has implemented the recommendations of the 6th Pay Commission and has also hiked the fee.

6. The record produced by the school, in the first instance, was examined by Sh. N.S. Batra, Audit Officer of the Committee. He observed to the effect that:-

- i. The school had implemented report of the 6th Pay Commission partially. The school has paid Basic Pay and Grade Pay in accordance with the 6th Pay Commission. H.R.A., has been paid @

JUSTICE
ANIL DEV SINGH
COMMISSIONER

TRUE COPY
Secretary

30% only. TA has also been paid which includes the element of D.A.

171

- ii. During the year 2009-10, four teachers of the school have been shown 'without pay' for one to two months. Similarly, during 2010-11 also, five teachers have been shown 'without pay' for two to three months.
- iii. The Fee structure for 2008-09 and 2009-10 have been checked with the Fee Statement and fee receipt books and found to be in agreement with the fee structure.
- iv. The school has hiked the fee 2009-10 by Rs.200/- and in 2010-11 the hike was less than 10%.

7. By notice dated 25.11.2013 the school was asked to appear on 09.12.2013 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school.

8. On the scheduled date 09.12.2013, Ms. Harvinder Anand, LDC with Shri Vasudev Sharma, Part-time Accountant of the school appeared before the Committee. They submitted that the school had implemented the recommendations of the 6th Pay Commission w.e.f. 01-04-2009 and hiked the fee in 2009-10 in terms of the order of the Director of

**TRUE COPY**

Page 4 of 8


Secretary

172
Education dated 11.02.2009. It was also contended that the school had charged development fee, which has been treated as revenue receipt and has been utilised for the purchase of fixed assets and other recurring expenses.

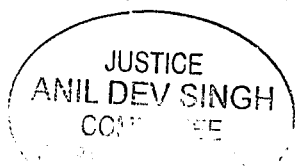
9. The salary records of the school were examined by the Committee in presence of the representatives of the school. On query by the Committee, the representatives of the school stated that except for two or three teachers, all the staff are paid salaries by bearer cheques. The school submitted the bank statements later on to the Committee on 16.12.2013. On examination of the bank statement, it was confirmed that the salary to the staff has been paid through bearer cheques, which have been encashed on the same date of issue of the cheques.

10. We have gone through the record, observations of the Audit Officer and submissions of the school representatives. The Audit Officer had checked the Fee Receipt Books and Fee Registers for the academic sessions 2008-09 to and 2010-11 with the Fee Structures.

11. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during the academic sessions 2009-10 and 2010-11 :-

TRUE COPY

W
Secretary



173

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I to III	855	1055	200	1160	105
IV to VI	915	1115	200	1225	110
VII to X	985	1185	200	1300	115

12. From the above, it is manifest that the increase in fee for all classes during the years 2009-10 was in terms of the order of the Director of Education dated 11.02.2009. During 2010-11, the hike in fee was within 10%.

13. On the basis of the records of the school examined by the Committee and the submissions of its representatives, it can be said that the school did not implement the 6th Pay Commission report. The increased salary is only being shown in the papers.

RECOMMENDATION

Re. Fee Hike

Since the school has utilised the order of the Director of Education dated 11.02.2009 for enhancing the tuition fee without

Page 6 of 8



TRUE COPY


Secretary

174 implementing the recommendations of 6th. Pay Commission, we are of the view that the increase in fee in excess of the tolerance limit of 10%, was unjustified. Therefore, the Committee recommends that the fee hike effected by the school in 2009-10 in excess of 10% ought to be refunded along with interest @9% per annum.

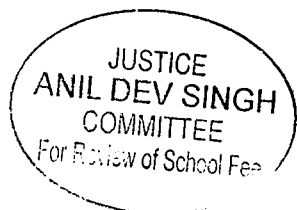
Further, the fee hiked in 2009-10 is also part of the fee for the subsequent years, there would be a ripple effect in the subsequent years and the fee of the subsequent years to the extent, it is relatable to the fee hiked in 2009-10 ought also to be refunded along with interest @9% per annum.

Re. Development Fee.

The school has charged development fee in the following manner:-

<u>Year</u>	<u>Development Fee charged</u>
2006-07	Rs.6,66,000.00
2007-08	Rs.8,40,360.00
2008-09	Rs.8,98,785.00
2009-10	Rs.4,75,140.00
2010-11	Rs.10,41,996.00

As per record of the school, the development fee was treated as a revenue receipt and no earmarked depreciation reserve fund was maintained. Therefore, in view of the Committee, the school



TRUE COPY

Page 7 of 8

[Signature]
Secretary

175
 was charging the same without complying with any of the pre-conditions prescribed by the Duggal Committee, which were affirmed by the Hon'ble Supreme Court in the case of Modern School Vs. Union of India & Ors. Since the Committee is examining the fee with reference to order dated 11.02.2009 of the Director of Education, the Committee is of the view that an amount of Rs.15,17,136.00, charged as development fee during 2009-10 and 2010-11 ought to be refunded along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

Justice Anil Dev Singh (Retd.)
 Chairperson

Sd/-

J.S. Kochar
 Member

Sd/-

Dr. R.K. Sharma
 Member

Dated: 22.01.2014

TRUE COPY

W
 Secretary



B.S.M. Public School, Baljit Vihar Extn., Nithari, Delhi - 86

176

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).
2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.
3. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school had implemented the recommendations of the sixth pay commission and had also increased the fee in terms of the order of the Director of Education dated 11-02-2009. In this view of the matter the school was placed in category 'B'.

**TRUE COPY**

Secretary

- 177
4. With a view to verify the returns, the Office of the Committee vide its notice dated 09.07.2013 required the school to appear on 22.07.2013 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire. On 22.07.2013, no one attended the Office of the Committee.
5. The Committee vide notice dated 29.07.2013 again directed the school to appear on 30-08-2013 to present the entire financials of the school for verification. On 30-08-2013, Shri Rajiv Kumar, Manager of the school attended the Office of the Committee along-with the records. He also presented following reply to the aforesaid questionnaire.

S.No.	Query	Reply
1.	Whether the school has implemented the recommendations of the 6 th Pay Commission.	Yes
2.	If the answer to question no.1 is in the affirmative, please provide the following information (separate sheets may be used):- i. With effect from which date is the increased salary to staff being paid? ii. Furnish the details of salary payment to staff, pre and post implementation, of the 6 th Pay Commission. iii. Furnish the details of payment of arrears of salary to staff consequent to implementation of the 6 th Pay Commission. iv.	April 2009 March, 2009 Rs.2,29,916/- April, 2009 Rs.3,20,292/- Nil



TRUE COPY

W
Secretary

3.	Whether the school has increased the fee of the students consequent to implementation of the 6 th Pay Commission in terms of the Order No. F.DE./15(56)/ACT/2009/778 Dated 11.2.2009 of the Director of Education.	Yes
4.	<p>If answer to question no.3 is in affirmative, please provide the following information (separate sheets may be used):</p> <p>i. With effect from which date was the fee increased?</p> <p>ii. Furnish the details of fee charged from the students class wise, indicating the number of students in each class, pre and post such increase.</p> <p>iii. Furnish the details of arrear fee charged from the students consequent to implementation of the 6th Pay Commission.</p>	<p>April 2009</p> <p>Details Attached</p> <p>Nil</p>
5.	Whether the school is charging development fee?	Yes
6.	<p>If answer to question no.5 is in affirmative, kindly provide the following information (separate sheets may be used): -</p> <p>(i). Year-wise collection of development fee from 2006-07 to 2010-11</p> <p>(ii). Year-wise utilization of development fee from 2006-07 to 2010-11. Please provide the amount of expenditure incurred under specific heads, out of development fee.</p> <p>(iii). How development fee is treated in the accounts, i.e. whether it is treated as a revenue receipt or as a capital receipt.</p> <p>(iv). Whether separate depreciation reserve fund is maintained for depreciation on assets acquired out for development fee.</p> <p>(v). Whether depreciation reserve fund and un-utilized development fund are kept in earmarked bank account, or FDRs or investments. If yes, please provide details thereof.</p>	<p>Rs.4,78,600/- in 2010-11 only</p> <p>Rs.1,10,917/- In 2010-11 only</p> <p>Revenue receipt</p> <p>No</p> <p>No</p>



TRUE COPY


Secretary

6. It would appear from the reply to the questionnaire, that the school has implemented the recommendations of the 6th Pay Commission and has also hiked the fee. Further, the school has also collected development fee, that has been treated as revenue receipt and no separate depreciation reserve fund and development fund have been maintained.

7. The record produced by the school, in the first instance, was examined by Sh. N.S. Batra, Audit Officer of the Committee. He observed to the effect that:-

- i. The school had extended the benefit of the 6th Pay Commission, but, H.R.A., D.A. and T.A., were not paid as per the recommendations of the 6th Pay Commission.
- ii. The Fee structure for 2008-09 and 2009-10 have been checked with the Fee Statement and fee receipt books and found to be in agreement with the fee structure.
- iii. The school has hiked the fee in the year 2009-10 in terms of the order of the Director of Education dated 11.02.2009 and the hike in fee in 2010-11 had been within the range of 10%.

8. By notice dated 25.11.2013 the school was asked to appear on 09.12.2013 along with entire accounting, fee and salary records for



TRUE COPY

[Signature]
Secretary

the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school.

180 9. On the scheduled date 09.12.2013 Sh. Rajiv Kumar, Manager and Shri S.K. Sharma, Accountant appeared before the Committee. They submitted that the school had not implemented the recommendations of the 6th Pay Commission on account of low fee base. However, he admitted that fee was hiked in 2009-10 in terms of the order of the Director of Education dated 11.02.2009. It was also contended that the salary to the staff was paid in cash. The school had charged development fee in 2010-11 and has treated it as a revenue receipts and no separate depreciation reserve fund had been maintained. The development fee has been utilised for the purchase of fixed assets and payment of salary to the staff.

10. We have gone through the record, observations of the Audit Officer and submissions of the school representatives. The Audit Officer had checked the Fee Receipt Books and Fee Registers for the academic sessions 2008-09 to and 2010-11 with the Fee Structures.

11. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during the academic sessions 2009-10 and 2010-11 : -

TRUE COPY




Secretary

181

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I to V	450	550	100	600	50
VI to VIII	520	720	200	790	70
IX	Nil	Nil	Nil	1000	Nil

12. From the above, it is manifest that the increase in fee for all classes during the years 2009-10 was in terms of the order of the Director of Education dated 11.02.2009. During 2010-11, the hike in fee was within 10%. It also appears that class-IX has been started w.e.f. session 2010-11.
- 13 On the basis of the records of the school examined by the Committee and the submissions of its representatives, it can be stated that the school did not implement the 6th Pay Commission report. The increased salary is only being shown in the papers.

RECOMMENDATION

Re. Fee Hike

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

TRUE COPY

Secretary

Since the school has utilised the order of the Director of Education dated 11.02.2009 for enhancing the tuition fee without implementing the recommendations of 6th Pay Commission, we are of the view that the increase in fee in excess of the tolerance limit of 10%, was unjustified.

182 Therefore, the committee recommends that the fee hike effected by the school in 2009-10 in excess of 10% ought to be refunded along with interest @9% per annum.

Since, the fee hiked in 2009-10 is also part of the fee for the subsequent years, there would be a ripple effect in the subsequent years and the fee of the subsequent years to the extent, it is relatable to the fee hiked in 2009-10 ought also to be refunded along with interest @9% per annum.

Re. Development Fee.

The school has charged development fee in the following manner:-

<u>Year</u>	<u>Development Fee charged</u>
2010-11	Rs.4,78,600/-

As per record, the school has not charged development fee from 2006-07 to 2009-10 and the same has been charged during 2010-11 only. As per the own submission of the school, the development fee was treated as a revenue receipt and no earmarked



TRUE COPY

Secretary

183
depreciation reserve fund was maintained. Therefore, in view of the Committee, the school was charging the same without complying with any of the pre-conditions prescribed by the Duggal Committee, which were affirmed by the Hon'ble Supreme Court in the case of Modern School Vs. Union of India & Ors. Since the Committee is examining the fee pursuant to order dated 11.02.2009 of the Director of Education, the Committee is of the view that an amount of Rs.4,78,600.00, charged as development fee during 2010-11 ought to be refunded along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

J.S. Kochar
Member

Sd/-

Dr. R.K. Sharma
Member

Dated: -16.12.2013



TRUE COPY


Secretary

St. John Public School, Khera Khurd, Delhi-110082

184

In reply to the questionnaire dated 27/02/2012 issued by the Committee, the school vide its letter dated 13/03/2012 submitted that it had implemented the VI Pay Commission Report w.e.f. 01/04/2009. Details of salary paid to the staff for the month of March 2009 and April 2009 were annexed to this letter which showed that the total salary for the month of March amounted to Rs. 2,88,656 which rose to Rs. 3,92,143 in April 2009. It was further mentioned that no arrears for the period 01/01/2006 to 31/03/2009 were paid to the staff.

With regard to fee hike, it was stated that the school had hiked the fee w.e.f. 01/04/2009 as per the order dated 11/02/2009 issued by the Director of Education. Details of tuition fee charged in 2008-09 and 2009-10 were given in annexure to the reply. As per the said annexure, the tuition fee charged in 2008-09 for classes I to VIII was Rs. 600 per month, which was hiked to Rs. 800 per month in 2009-10. For classes IX & X, the tuition fee was hiked from Rs. 800 per month in 2008-09 to Rs. 1000 per month in 2009-10. It was further mentioned in the reply that the school had not collected any arrears of fee from the students for payment of arrears of salary for the period 01/01/2006 to 31/03/2009. Based on this reply, the school was placed in Category 'B'.

TRUE COPY

185 Preliminary calculations of funds availability vis a vis additional liability on account of implementation of VI Pay Commission were made by the Chartered Accountants detailed with the Committee. The calculations were examined by the Committee with reference to the financials of the school, reply to the questionnaire given by the school and the annual returns filed by the school under Rule 180 of Delhi School Education Rules, 1973. On examination of the financials of the school, it appeared to the Committee that the factum of implementation of VI Pay Commission Report w.e.f. 01/04/2009, as claimed by the school, needed to be verified.

In order to verify the implementation of VI Pay Commission Report, the school, vide letter dated 19/09/2013, was required to produce its fee, salary and accounting records on 11/10/2013. As the fee structures filed by the school as part of its annual returns showed that the school was also charging development fee, a questionnaire specifically regarding the collection and utilisation of development fee as well as maintenance of depreciation reserve fund and development fund, was issued to the school. The school produced the required records through Mr. Frence John, Treasurer and Ms. Ani Roy, Accountant of the school. The school also filed reply to the questionnaire regarding development fee which will be adverted to when we discuss the issue of development fee. The records produced by the school were verified by Sh. A.D. Bhateja, audit officer of the Committee and he observed that :

TRUE COPY



186

- (1) The school had not implemented the VI Pay Commission Report as per norms as only basic pay, grade pay and DA was being paid till date. The rate of DA remained the same from 01/04/2009 to 31/03/2011. The salary was being paid partly by bank transfer and partly in cash. Further, no arrear salary was paid to the staff.
- (2) The tuition fee was hiked by the school @ Rs. 200 per month for all classes from 2009-10 and development fee was also hiked by Rs. 720 for classes I to VIII and by Rs. 840 for classes IX & X. **Further, no arrear of fee was collected from the students.** During 2010-11, the hike in fee was within 10%.
- (3) The books of accounts of the school were found to be maintained in normal course and no adverse feature was noticed.

The above observations recorded by the audit officer were endorsed by the representatives of the school by recording:

"I agree with the above observations which are as per the school records".

In order to provide an opportunity of hearing to the school, the Committee issued notice dated 25/11/2013 for hearing on 10/12/2013. On this date, the aforesaid two representatives of the school appeared before the Committee and were heard.

TRUE COPY



187

During the course of hearing, the representatives of the school reiterated their contentions which they had made in reply to the two questionnaires issued by the Committee. The Committee examined the account books, salary statements and bank statements of the school. On such examination, it turned out that:

- (a) Contrary to the claim of the school and the observation of the audit officer of the Committee, the school had recovered arrear fee amounting to Rs. 5,34,600. When confronted with this fact, the representatives of the school admitted the same.
- (b) The total salary paid by the school in 2008-09 was Rs. 34,44,462, out of which salary paid by cheques or bank transfer was Rs. 23,43,738 while the remaining amount of Rs. 8,59,544 was paid in cash. Thus the component of salary paid in cash to the total salary payment was 24.95%. In 2009-10, when the school purportedly implemented the VI Pay Commission Report and that too partially, the total salary payment was Rs. 46,60,151 out of which the payment by cheque/bank transfer was only Rs. 27,76,675, the balance of Rs. 14,27,826 was paid in cash. The component of salary paid in cash to the total salary expenditure rose to 30.63%. When confronted with these facts, the representatives of the school contended that payments to newly appointed teachers were paid in cash. The



188
representatives also conceded that the VI Pay Commission had not been fully implemented in as much as house rent allowance and transport allowance were not being paid by the school.

Discussion & Determination:

The Committee has considered the contentions and concessions made by the representatives of the school during the course of hearing. The school, contrary to its claim made in the reply to the questionnaire issued by the Committee, has itself conceded that the VI Pay Commission had not been fully implemented. The Committee also finds that the expenditure on salary paid by cheques rose to Rs. 27,76,675 in 2009-10 from Rs. 23,43,738. The Committee finds the explanation of the school regarding payment of salary in cash, which rose from Rs. 8,59,544 in 2008-09 to Rs. 14,27,826 in 2009-10 on the so called partial implementation of VI Pay Commission Report, to be fanciful. The same cannot be given any credence. The Committee also finds that, contrary to the position taken by the school in its reply to the questionnaire and also at the time of verification of records by the audit officer, that the school had not recovered any arrear fee, the school conceded during the course of hearing that it had recovered arrear fee amounting to Rs. 5,34,600 while it had not paid any arrears of salary to the staff.

In view of the foregoing findings, the Committee is of the view that the school was not justified in recovering the arrear fee of Rs.



189
5,34,600 and the same ought to be refunded along with interest @ 9% per annum. Further, the Committee is of the view that the school was not justified in hiking the tuition fee by Rs. 200 per month w.e.f. 01/04/2009, taking advantage of order dated 11/02/2009 issued by the Director of Education, in view of the fact that the school had not implemented the VI Pay Commission report fully. The incremental fee of Rs. 200 per month, in excess of the tolerance limit of 10%, which was recovered by the school in 2009-10 ought to be refunded along with interest @ 9% per annum.

Development Fee:

In reply to the questionnaire which was issued by the Committee regarding development fee, the school stated that it had been charging development fee since 2006-07. However, in 2006-07 and 2007-08, the charge was a nominal amount. However, in 2008-09 and 2009-10 and 2010-11, the school recovered development fee amounting to Rs. 4,07,520, Rs. 7,91,680 and Rs. 10,24,452 in the respective years. The school also filed details of utilisation of development fee and in terms of the details so filed, the school spent Rs. 3,07,854 out of development fee recovered in 2008-09, the whole of Rs. 7,91,680 received in 2009-10 and the unspent balance of development fee of 2008-09 was spent in 2009-10 and out of Rs. 10,24,452 received as development fee in 2010-11, the school spent Rs. 8,67,090. However, on perusal of the details of utilisation of development fee, the Committee finds that the school spent Rs.



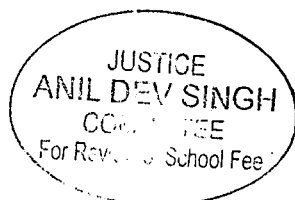
1,08,750 in 2008-09, Rs. 6,91,486 in 2009-10 and Rs. 1,89,938 in 2010-11 on school building. Further in 2010-11, a sum of Rs. 3,47,504 was spent on buying a vehicle.

190

In terms of the Duggal Committee report, the orders of Directorate of Education and the judgment of the Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583, development fee can be charged only for purchase or upgradation of furniture & fixture and equipments. Spendings on building and vehicles cannot be done out of the development fee.

Further, the school stated that no development fund account was maintained as the expenditure out of development fee was more than the fee recovered under this head and that depreciation reserve fund was maintained in the books. The accumulated depreciation reserve was Rs. 8.05 lacs as on 31/03/2011 against which the fixed deposits and interest accrued thereon was Rs. 6.38 lacs.

The contentions of the school have been examined by the Committee and the Committee finds that the real picture as projected in the financials of the school is not what is made out by the school. The school has been having the fixed deposits since 2006-07 when the school was admittedly charging only token development fee. The fixed deposits + interest accrued thereon as appearing in the balance sheet as on 31/03/2007 was Rs.4,67,891 which grew to Rs. 6.38 lacs as on 31/03/2011 on account of accumulation of interest. Obviously, these fixed deposits were not held against depreciation reserve nor there is



191.
any indication in the audited financials of the school that these are earmarked fixed deposits. These fixed deposits are obviously made as a condition precedent to recognition of the school by the Directorate of Education and affiliation by CBSE. The school has not been truthful in its submissions.

In view of the foregoing, the Committee is of the view that the school was not justified in charging any development fee nor was the same spent for permitted purposes. The school has also not fulfilled the preconditions regarding maintenance of development fund and depreciation reserve fund. Since the mandate of the Committee is to examine the fee in pursuance of the order dated 11/02/2009 issued by the Director of Education, the Committee is restricting its recommendations to refund the development fee charged in 2009-10 and 2010-11.

Recommendations:

In view of the foregoing discussion, the Committee is of the view that the school ought to refund the arrear tuition fee of Rs. 5,34,600 collected by it and also the hike in tuition fee of Rs. 200 per month recovered on monthly basis in 2009-10, over and above the tolerance limit of 10%, along with interest @ 9% per annum. Further the school ought to refund the development fee of Rs. 7,91,680 recovered in 2009-10 and Rs. 10,24,452 recovered in 2010-11, along with interest @ 9% per annum.



Recommended accordingly.

Sd/-

Dr. R.K. Sharma
Member

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

192

Dated: 20/01/2014

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

TRUE COPY

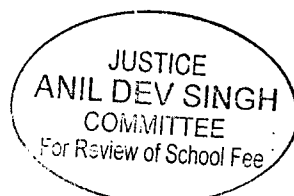

Secretary

Bharat Shakti Public School, Krishan Vihar, Delhi-110041

193
In reply to the questionnaire dated 27/02/2012 issued by the Committee, the school vide its letter dated 15/03/2012 submitted that it had implemented the VI Pay Commission Report w.e.f. 01/04/2009. Details of salary paid to the staff for the month of March 2009 and April 2009 were annexed to this letter which showed that the total salary for the month of March amounted to Rs. 3,68,112 which rose to Rs. 5,77,513 in April 2009. It was further mentioned that no arrears of salary were paid to the staff.

With regard to fee hike, it was stated that the school had hiked the fee w.e.f. 01/04/2009 as per the order dated 11/02/2009 issued by the Director of Education. Details of fee charged in 2008-09 and 2009-10 were also given in an annexure to the reply. As per the said annexure, the fee of classes I to III was hiked by Rs. 100 per month while that for classes IV to X was hiked by Rs. 200 per month. With regard to arrear fee, it was stated that no arrear fee had been charged from the students. Based on this reply, the school was placed in Category 'B'.

The reply to the questionnaire was examined by the Committee with reference to the financials of the school and the annual returns filed by it under Rule 180 of Delhi School Education Rules, 1973. On examination of the financials of the school, it appeared to the

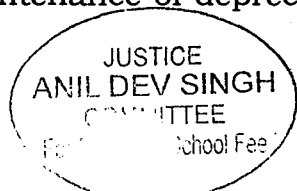
**TRUE COPY**

Committee that they could not be taken at their face value for the following reasons:

- 194
- (a) they were not audited and the Chartered Accountant who had purportedly signed the balance sheet on behalf of one Mittal Vaish & Company had neither given his name nor membership no. Further they carried only a compilation report to the effect "*compiled from books of accounts and record produced before us and as per information and explanation given to us*".
- (b) The accounts reflected a frugal position in as much as almost 99% of the fee revenue was shown as having been spent on salaries and just about 1% was shown as expenditure under other heads. This position is not reflective of a representative school.

The Committee therefore decided that before undertaking the exercise of examining the justifiability of hike in fee, the factum of implementation of VI Pay Commission Report, as claimed by the school, needed to be verified.

In order to verify the implementation of VI Pay Commission Report, the school, vide letter dated 24/07/2013, was required to produce its fee, salary and accounting records, besides provident fund and TDS records on 22/08/2013. A questionnaire specifically regarding the collection and utilisation of development fee as well as maintenance of depreciation reserve fund and development fund, was

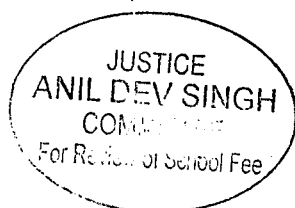


195
issued to the school. The school produced the required records through Ms. Indu Bala, Vice Principal of the school. The records produced by the school were verified by Sh. N.S. Batra, audit officer of the Committee and he observed that :

- (1) The tuition fee was hiked by the school to the tune of Rs. 100 per month for classes I to III and by Rs. 200 per month for classes IV to X in 2009-10, in accordance with order dated 11/02/2009. In 2010-11, the hike in fee was about 10%.
- (2) On examining the salary payment register for 2010-11, the school was found to have implemented the VI Pay Commission Report. The monthly outgo on salary for the month of March 2009 was Rs.3,68,112, which rose to Rs. 5,77,523 in April 2009. The school was not having any TDS account no. (TAN) and had not even applied for the same till date.
- (3) The school had not been balancing its cash book and no cash balances had been worked out.

The observations of the audit officer were endorsed by the Vice Principal of the school by recording as follows:

"I agree with the above observations which are as per records."



TRUE COPY


Secretary

196
In order to provide an opportunity of hearing to the school, the Committee issued notice dated 25/11/2013 for hearing on 10/12/2013. On this date, Sh. Devender Solanki, Manager, Ms. Indu Sharma, Principal and Sh. Kapil Dev, PET of the school appeared before the Committee along with Sh. Ashok Kumar, Accountant and were heard.

During the course of hearing, the representatives of the school reiterated their contentions which they had made in reply to the questionnaire issued by the Committee. On examining the mode of payment of salary in 2009-10, i.e. after the purported implementation of VI Pay Commission report, the Committee observed that the net payment of salary in 2009-10 was Rs. 68,44,076 out of which as much as Rs. 13,44,096 was purportedly paid by bearer cheques and another sum of Rs. 5,33,089 was paid in cash. Thus about 27.42% of the total salary was purportedly paid either in cash or by bearer cheques. When confronted with this fact, the representatives of the school contended that this was done at the request of the staff members.

Discussion & Determination

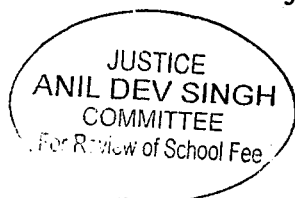
The Committee has considered the submissions of the school as also its reply to the questionnaire and the observations of the audit officer. The Committee is of the view that the school had not implemented the VI Pay Commission Report and has only shown its implementation in papers. The reasons which persuade the

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

187
 Committee to take this view are firstly, as observed by the audit officer, the cash book of the school is not balanced. Even when it was produced for verification by the Committee, the school did not think it fit to balance the same. Secondly, the final accounts of the school i.e. Income & Expenditure Account and Balance Sheet are not audited and it is not even certain whether they have been signed by a Chartered Accountant. Thirdly, an extra ordinarily large proportion of salary is paid in cash and by bearer cheques. Fourthly it defies logic as to why the school does not even have a TDS account number till date when the salary after implementation of VI Pay Commission Report of almost the entire staff, except for some low level staff, would come under the tax bracket.

The Committee does not approve of the observation of its audit officer that the school had implemented the VI Pay Commission Report. The same appears to have been the result of perfunctory examination of the accounts of the school.

In view of the forgoing, the Committee is of the view that the school was not justified in hiking the fee, taking advantage of order dated 11/02/2009 issued by the Director of Education. The fee hiked in the year 2009-10 i.e. Rs. 100 per month for classes I to III and Rs. 200 per month for classes IV to X, in so far as it exceeds the tolerance limit of 10%, ought to be refunded along with interest @ 9% per annum. As the Committee is of the view that the school has not implemented the VI Pay Commission report even till date, the fee for



198

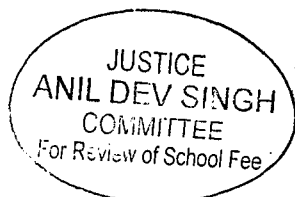
the subsequent years, to the extent it is relatable to the fee for 2009-10, which ought to be refunded, in terms of the recommendation of the Committee, should also be refunded along with interest @ 9% per annum.

Development Fee

Although the school did not file any reply to the questionnaire regarding development fee, during the course of hearing, it was contended by the school that it does not charge any development fee. The fee schedules of the school and the financials of the school also do not show recovery any fee under this head. Therefore, no recommendation is required to be made on this account.

Recommendations:

In view of the foregoing discussion, the Committee is of the view that the school ought to refund the hike in tuition fee of Rs. 100 per month for classes I to III and Rs. 200 per month for classes IV to X recovered on monthly basis in 2009-10, over and above the tolerance limit of 10%, along with interest @ 9% per annum. Further, the fee for the subsequent years, to the



199
extent it is relatable to the amount of fee for 2009-10 of which the Committee has recommended the refund, ought also be refunded along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

Dr. R.K. Sharma
Member

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 20/01/2014



TRUE COPY


Secretary

200

Capital Model School, Mukerjee Park, New Delhi - 110 018

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).
2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.
3. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school neither had implemented the recommendations of the 6th Pay Commission nor increased the fee in terms of the order of the Director of Education dated 11-02-2009. In this view of the matter the school was placed in category 'C'.

**TRUE COPY**

Secretary

201
However, later on when the school representative produced original records for verification, it was observed by the Audit Officer of the Committee that the school had implemented the recommendations of the 6th Pay Commission and had increased the fee. Then, the school was shifted to category "B" for detailed examination of its records.

4. With a view to verify the returns, the Office of the Committee vide its notice dated 16.04.2012 required the school to appear on 23.04.2012 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire. Pursuant to the notice, Shri K.C. Arora, Vice-Chairman of the Managing Committee of the school appeared before the Office of the Committee. He also presented reply to the aforesaid questionnaire. The reply to the questionnaire reads as under: -

S.No.	Query	Reply
1.	Whether the school has implemented the recommendations of the 6 th Pay Commission.	Yes
2.	If the answer to question no.1 is in the affirmative, please provide the following information (separate sheets may be used):- i. With effect from which date is the increased salary to staff being paid? ii. Furnish the details of salary payment to staff, pre and post implementation, of the 6 th Pay Commission. iii. Furnish the details of payment of arrears of salary to staff consequent to implementation of the 6 th Pay Commission.	01.4.2011 Details attached Nil
3.	Whether the school has increased the fee of the students consequent to implementation	No

TRUE COPY

Page 2 of 6



M
Secretary

	of the 6 th Pay Commission in terms of the Order No. F.DE./15(56)/ACT/2009/778 Dated 11.2.2009 of the Director of Education.	
202 4.	If answer to question no.3 is in affirmative, please provide the following information (separate sheets may be used): i. With effect from which date was the fee increased? ii. Furnish the details of fee charged from the students class wise, indicating the number of students in each class, pre and post such increase. iii. Furnish the details of arrear fee charged from the students consequent to implementation of the 6 th Pay Commission.	N.A. NA. N.A.

5. It is apparent from the aforesaid reply that the school has admitted that it had implemented the recommendations of the 6th Pay Commission and has not hiked the fee in terms of the order of the Director of Education dated 11.02.2009.

6. The representative of the school produced the requisite record for the academic years from 2008-09 to 2010-11. The record was examined, in the first instance by Mrs. Sunita Nautiyal, A.A.O. of the Committee. On scrutiny of the record, the Audit Officer observed to the following effect:-

- (i). The school has hiked the tuition fee during 2009-10 by 10%.
- (ii). The school has produced cash book and ledger accounts for 2008-09 to 2010-11, which had been found properly maintained.

TRUE COPY



N
Secretary

203

7. The Committee has examined the record of the school in its meeting held on 25-04-2012 and observed that since the school has implemented the recommendations of the 6th Pay Commission w.e.f. 01-4-2011 and has also increased the fee, therefore, the case is transferred to category 'B' for its detailed examination.

8. A fresh notice dated 23.10.2013 was issued to the school to present its financials on 07.11.2013 for further verification by the Committee.

9. On 07.11.2013, Shri K.C. Arora, Vice-Chairman of the Managing Committee of the school attended the Office of the Committee and submitted a written submission along with the reply to the questionnaire regarding development fee. Mrs. Sunita Nautiyal, A.A.O. of the Committee examined the documents and observed that:

- (a). the school did not deduct any PF or TDS from the salary of the staff.
- (b). the school did not produce salary payment register for any of the years on the ground that the same were lost by the Principal of the school with his car on 17-05-2012. A copy of FIR dated 18-05-2012 was also submitted by the school representative.
- (c). The school submitted reply to the questionnaire regarding development fee. According to the reply, the school has charged development fee w.e.f. 2006-07. The same has been treated as

**TRUE COPY**

Secretary

revenue receipt and no separate depreciation reserve fund or development fund has been maintained.

10. With a view to provide oral hearing to the school, the Committee by its notice dated 25.11.2013 required the school to appear on 10.12.2013.

11. No one appeared on 10.12.2013. The Committee has examined the observations of the Audit Officer of the Committee and the available record of the school.

Recommendations

Re. Fee Hike

12. On the basis of observations of the Audit Officer and the record made available to the Committee, it has transpired that the school has hiked the fee in 2009-10 by 6% to 7%, which is within the tolerance limit. The hike during 2010-11 has also been within 10%.

13. Therefore, irrespective of whether the school implemented the recommendations of 6th Pay Commission w.e.f. 01-04-2011, no intervention is called for qua the fee.

Re. Development Fee.

14. As per the record, the school has charged the development fee in the following manner: -

TRUE COPY

Page 5 of 6



W
Secretary

Year	Development Fee charged
2006-07	Rs.46,800.00
2007-08	Rs.62,400.00
2008-09	Rs.65,240.00
2009-10	Rs.65,700.00
2010-11	Rs.66,990.00

According to school record, the development fee was treated as a revenue receipt and no earmarked depreciation reserve fund was maintained. Therefore, in view of the Committee, the school was charging the same without complying with any of the pre-conditions prescribed by the Duggal Committee, which were affirmed by the Hon'ble Supreme Court in the case of Modern School Vs. Union of India & Ors. Since the Committee is examining the matter with reference to the order dated 11.02.2009 of the Director of Education, the Committee is of the view that an amount of Rs.1,32,690/- charged as development fee during 2009-10 and 2010-11 ought to be refunded along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson
Dated: - 22.01.2014

Sd/-

J.S. Kochar
Member

Sd/-

Dr. R.K. Sharma
Member



TRUE COPY

Secretary

Century Public School, Bijwasan, New Delhi- 110061

206

In reply to the questionnaire dated 27/02/2012 issued by the Committee, the school vide its letter dated 09/03/2012 submitted that it had implemented the VI Pay Commission Report w.e.f. April 2009. However, surprisingly it mentioned that the monthly salary bill after implementation of VI Pay Commission Report had declined to Rs. 2,03,383 compared to Rs. 2,42,806 before its implementation. It was further mentioned that no arrears on account of retrospective application of VI Pay Commission were paid to the staff. With regard to fee hike, it was stated that the school had neither effected any fee hike nor had recovered any arrears of fee as envisaged in the order dated 11/02/2009 issued by the Director of Education. Based on this reply, the school was initially placed in Category 'C'.

As the school claimed not to have hiked any fee or recovered any arrears of fee as per order dated 11/02/2009, the school was directed to produce its fee records along with books of accounts on 10/04/2012 vide the Committee's letter dated 28/03/2012. On the scheduled date, Sh. Yogesh Dagar, Manager of the school appeared and produced the required records for the years 2008-09 to 2010-11. The records produced by the school were examined by Ms. Sunita Nautiyal, audit officer of the Committee and after such examination, she observed that contrary to the claim of the school, the school had increased tuition fee by Rs. 100 per month in 2009-10. As per the



1

TRUE COPY
Secretary

207
order dated 11/02/2009, this was the maximum hike permitted to the school. In 2010-11, however, she noted that the school had increased the tuition fee by 10% only. She further observed that the school received aid from the Society running the school in cash and the teachers were also paid salary in cash although the school had a bank account with Delhi State Cooperative Bank. She also observed that as per reply to the questionnaire, an additional burden of Rs. 39,423 per month was borne by the school after implementation of VI Pay Commission, whereas the additional revenue generated by increase in tuition fee and annual charges was to the tune of Rs. 65,100 per month.

The audit observations were examined by the Committee with reference to the record available. The observation regarding additional burden on account of implementation of VI Pay Commission was misread by the audit officer as in actual fact, the school had stated that the monthly expenditure after implementation had declined by Rs. 39,423. However, since the school claimed that it had implemented the VI Pay Commission Report, the case of the school was transferred to Category 'B'.

In order to verify the implementation of VI Pay Commission Report, the school, vide letter dated 26/11/2013, was required to produce its salary and accounting records on 11/12/2013. A questionnaire specifically regarding the collection and utilisation of development fee as well as maintenance of depreciation reserve fund



208 and development fund, was also issued to the school. The school produced the required records through Sh. Yogesh Dagar, Manager. The school also filed reply to the questionnaire regarding development fee, as per which the school had not charged development fee in any of the five years i.e. 2006-07 to 2010-11. The records produced by the school were verified by Sh. A.D. Bhateja, audit officer of the Committee and he observed that :

- (1) The school had partially implemented the VI pay Commission w.e.f. 01/04/2009, in as much as DA was paid at the rate of 2% only as against 22%, HRA was paid @ 5% only as against 30%, transport allowance was paid at the old rates.
- (2) Immediately after the implementation of VI Pay Commission Report, salary was not paid to two to six teachers every month as they were shown on leave. The DA was raised to 27% in December 2009 and HRA to 30%. The pattern of some of the teachers not being paid on account of DA was repeated in 2010-11. The salary was paid in cash and the school had neither deducted provident fund nor TDS in 2009-10.
- (3) The salary in the financial year 2009-10 had decreased although the school claimed to have implemented the VI Pay Commission Report w.e.f. 01/04/2009.

The Manager of the school endorsed the observations of the audit officer in the following words:

TRUE COPY



"I agree with the above observations which are as per school record."

209
In order to provide an opportunity of hearing to the school, the Committee issued notice dated 26/11/2013 for hearing on 11/12/2013. On this date, Sh. Yogesh Dagar, Manager of the school appeared with Sh. J.S. Dagar, Chairman and Sh. S.K. Sharma, Accountant. They filed written submissions dated 11/12/2013 and contended that the school could effect nominal implementation of the VI Pay Commission Report w.e.f. 01/04/2009 as the school operates on very low fee base, being situated in a rural area. In the written submissions, the school gave a comparative chart of tuition fee charged by the school from 2006-07 to 2010-11. As per this chart, the hike in tuition fee effected by the school was Rs.100 per month across the board for all the classes which was the maximum hike permitted by the order dated 11/02/2009 issued by the Director of Education for the category of school in which it fell. The tuition fee of classes I to V was hiked from Rs. 390 per month to Rs. 490 per month and for classes VI to VIII, the same was hiked from Rs. 450 per month to Rs. 550 per month.

The Committee has examined the financials of the school along with the audit observations of the two audit officers and has also considered the oral and written submissions made before it. The Committee is of the view that the school has not in fact implemented the VI Pay Commission Report, even partially as claimed by it in view

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

TRUE COPY

W
Secretary

210 of the fact that after its purported implementation, the salary bill came down and the salary is shown to have been paid in cash which is not amenable to verification. Only a balancing exercise has been attempted by the school by showing increased salary for some teachers and the others being shown as on leave without pay.

Recommendations:

As the school has admittedly hiked the fee by Rs. 100 per month for all the classes, taking advantage of the order dated 11/02/2009 issued by the Director of Education, the Committee is of the view that the hike of Rs. 100 per month effected in 2009-10, in excess of the tolerance limit of 10%, ought to be refunded along with interest @ 9% per annum. As the fee refundable for 2009-10 also forms part of fee for the subsequent years, there would be a ripple effect in the fee for subsequent years and to the extent the fee for subsequent years is relatable to the fee refundable for 2009-10, the same ought also be refunded along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

Dr. R.K. Sharma
Member

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 16/12/2013

TRUE COPY

5



Secretary

J.M. International School, Sector-6, Dwarka, New Delhi-110075

211

In reply to the questionnaire dated 27/02/2012 issued by the Committee, the school, vide its reply dated 03/03/2012 stated that it had implemented the VI Pay Commission Report w.e.f. 01/04/2007. It was stated that the school had been recognized w.e.f. 01/04/2007 and as such the salary scales were revised with effect from that date. It also claimed to have paid arrears of salary for the period 01/04/2007 to 28/02/2009 and furnished details thereof. As per the details, the amount of arrears paid by the school was Rs. 9,05,004.

As regards the fee hike effected by the school in pursuance of order dated 11/02/2009, the school stated that it had not hiked the fee in pursuance of order dated 11/02/2009 issued by the Director of Education and further that it had not recovered any arrears of fee for the purpose of payment of arrears of salary. Based on this reply, the school was initially placed in category 'C'.

As the school claimed not to have hiked the fee in pursuance of the aforesaid order dated 11/02/2009, the Committee was of the view that if that was found as a fact, the aspect of implementation of VI Pay Commission need not be examined. Therefore, vide notice dated 27/03/2012, the school was required to produce its fee and accounting records on 04/04/2012. On this date, Sh. Yogesh Gupta, Director and Sh. R.B. Gupta, Chairman of the school appeared and produced the required records. The records of the school were



TRUE COPY
Secretary

212
examined by Ms. Sunita Nautiyal, audit officer of the Committee and she observed that the school had increased the fee only by 10% in the year 2009-10. The fee charged was in accordance with the fee schedules filed by the school and no adverse feature was noticed in so far as maintenance of accounts was concerned. She further observed that the school was also recovering development charges.

The Committee was of the view that since the issue of development fee also needed to be examined and on such examination, it may reach a conclusion that the charge for the same was not justified, the aspect of implementation of VI Pay Commission report, vis a vis the availability of funds with the school would also need to be examined as there could be a situation that while the development fee was found to be not in accordance with the law, there was a deficit on account of implementation of VI Pay Commission report in tuition fee account. As such, the school was transferred to Category 'B'.

Preliminary calculations of funds available and fee hike vis a vis salary hike after implementation of VI Pay Commission were made by the Chartered Accountants (CAs) detailed with the Committee. The balance sheet of the school as on 31/03/2009 was made the basis of calculation of funds available with the school. As per the preliminary calculations made by the CAs, the school did not have any funds available with it as on 31/03/2009. Further, the school was in deficit



to the tune of Rs. 10,48,071 upto 31/03/2010, on account of implementation of VI Pay Commission Report.

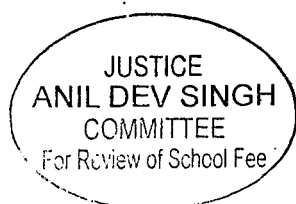
213
The Committee, vide notice dated 23/10/2013, required the school to produce on 07/11/2013, its books of accounts, salary records, TDS and Provident Fund returns, in order to verify the implementation of VI Pay Commission report. A questionnaire regarding development fee was also issued to the school in order to elicit information to examine the justifiability of the charge thereof.

On the scheduled date, the school produced the required records through Sh. Yogesh Gupta, Director and Sh. Vinod Gupta, Chartered Accountant. The school also filed its reply to the questionnaire regarding development fee in which it claimed that it had not charged any development fee.

The records produced by the school were examined by Ms. Sunita Nautiyal. She observed that

- (a) The school had started paying the increased salary as per the VI Pay Commission Report w.e.f. March 2009. The school also paid arrears of salary amounting to Rs. 9,05,004 in two instalments in August 2009 and November 2009. The arrears were paid for the period 01/04/2007 to 28/02/2009 as the school was granted recognition w.e.f. 01/04/2007.
- (b) The school was regularly filing its TDS and Provident fund returns.

TRUE COPY



214

(c) While the school, in its reply to questionnaire regarding development fee had claimed that it was charging the same, the Income & Expenditure Account of the school for the years 2009-10 and 2010-11 showed income under the head "Development Fund". When the representatives of the school were queried about this, they stated that the school was charging 'development charges' and not 'development fee'. Such development charges were treated as a revenue receipt by the school. The representatives of the school endorsed this fact on the reply to the questionnaire regarding development fee. It was further endorsed that the development charges were treated as a revenue receipt and the same was used for development of the students and special programmes and extra curricular activities for over all development of the students. The amount of such development charged recovered were Rs. 5,57,400 in 2008-09, Rs. 10,73,390 in 2009-10 and Rs. 17,21,420 in 2010-11.

(d) The books of accounts were maintained in normal course and no adverse feature was noticed.

In order to provide an opportunity of hearing to the school, the Committee issued notice dated 26/11/2013 for hearing on 11/12/2013. On this date, Sh. Yogesh Gupta and Sh. Vinod Gupta, appeared before the Committee and were heard. It was submitted on behalf of the school that

TRUE COPY



215
(a) The school had hiked the tuition fee by around 10% in 2009-10 and did not charge any arrear fee for paying the arrear salary to the staff, consequent to implementation of VI Pay Commission report. The said report was implemented w.e.f. March 2009 and salary arrears were paid out of the own funds of the school.

(b) Although the school treated development fee as a revenue receipt, the school acquired fixed assets for amount exceeding the development fee. However, it was conceded that no development fund or depreciation reserve fund was maintained.

Discussion & Determination:

Reg. Development Fee:

The issue regarding development fee charged by the school needs to be considered first as, the school did not hike the tuition fee in accordance with the order dated 11/02/2009 issued by the Director of Education.

The school resorted to semantics by maintaining that it had not charged development fee but recovered development charges for overall development of the students. The school is only playing around with the words as the nomenclature given to any head of fee is inconsequential. The fact remains that the school did recover development fee, although described as development charges, and



216

treated the same as a revenue receipt. The same was credited to Income & Expenditure Account and used up for meeting the routine revenue expenses. The contention of the school that it acquired fixed assets which were of more value than the development fee charged is stated to be rejected as the fixed assets were acquired out of loans taken by the school. Further, the school conceded that no development fund or depreciation reserve fund were maintained. Thus the school was not following any of the preconditions prescribed by the Duggal Committee which were affirmed by the Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583. Therefore, the Committee is of the view that the school was not justified in charging the development fee. Since the mandate of the Committee is to examine the fee charged by the school in pursuance of the order dated 11/02/2009, the Committee restricts its recommendations for the development fee charged in 2009-10 and 2010-11. As per the information furnished by the school, it charged a sum of Rs. 10,73,390 in 2009-10 and Rs. 17,21,420 in 2010-11. Thus, for these two years, the school recovered a sum of Rs. 27,94,810 as development fee. However, whether or not to recommend refund of this amount, which was unjustifiably charged, would depend on the findings of the Committee with regard to the surplus or deficit on implementation of VI Pay Commission Report in the tuition fee account.

TRUE COPY

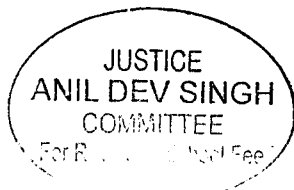


W
Secretary

Reg: Tuition Fee

217

On examination of the annual returns of the school, the preliminary calculations prepared by the CAs, the observations of the audit officer of the Committee and the submissions made by the representatives of the school during the course of hearing, the Committee is of the view that the school did not fully recompense itself for the additional expenditure incurred by it on account of implementation of VI Pay Commission report. It did not increase the tuition fee in accordance with the slabs laid down in the order dated 11/02/2009 issued by the Director of Education and also did not recover any arrear fee for payment of arrears salary. As per the preliminary calculations made by the CAs, with which the Committee concurs, the school ran up a deficit to the tune of Rs. 10,48,071 upto 31/03/2010. This was without providing for any reserve for future contingencies or gratuity or leave encashment. While the school would have no accrued liability for gratuity as on 31/03/2010, having been recognized only from 01/04/2007, due regard has to be given for maintenance of reserve for future contingencies. The monthly salary of the school after implementation of VI Pay Commission was Rs. 2,20,003, as per the salary bill for March 2009, filed by the school along with its reply to the questionnaire dated 27/02/2012, issued by the Committee. Four months reserve based on this figure would amount to Rs. 8,80,012. This combined with deficit of Rs. 10,48,071, works out to 19,28,083. This amount required to be set off from the

**TRUE COPY**

Secretary

218

unjustified charge of development fee, which the Committee has worked out to be Rs. 27,94,810. The balance of Rs. 8,66,727 ought to be refunded by the school along with interest @ 9% per annum.

Recommendations

In view of the foregoing findings, the Committee recommends that development fee to the tune of Rs. 8,66,727 be refunded along with interest @ 9% per annum.

Sd/-

Dr. R.K. Sharma
Member

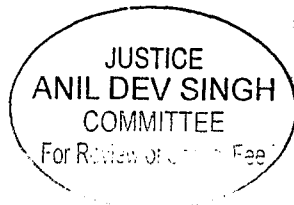
Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 06/02/2014



TRUE COPY

W
[Signature]

Tagore Public School, Naraina Vihar, New Delhi - 110028

The school submitted its reply to the questionnaire dated 27/02/2012 issued by the Committee vide its letter dated 30/03/2012. As per the reply, the school claimed to have implemented the VI Pay Commission Report w.e.f. April 2009. It was further stated that the aggregate salary paid to the staff was Rs. 6,76,286 per month before implementation of VI Pay Commission Report, which rose to Rs. 8,26,604 per month after such implementation. However, with regard to arrears of salary, the school stated that they could not be paid as the school was unable to collect any special fund, as was recommended by the department.

With regard to fee hike in pursuance of order dated 11/02/2009 issued by the Director of Education, the school gave a vague reply "No extra increase was done in fees". Taking this reply to mean that the school had not hiked the fee in pursuance of the said order, it was initially placed in category 'C'. In order to verify the factum of no fee hike, the Committee issued a notice dated 16/04/2012 to the school to produce on 27/04/2012, its fee records and books of accounts for 2008-09 to 2010-11. The records were produced on the scheduled date by Sh. Vikas Bhatia, Manager of the school which were verified by Ms. Sunita Nautiyal, audit officer of the Committee and she observed that the school had hiked the tuition fee in 2009-10 by amounts ranging between Rs. 110 and 230 per month and such

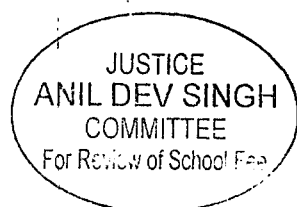


TRUE COPY
Secretary

220
increase in percentage terms was between 9% and 20%. She further observed that the school was also charging development fee which had also been increased by 12% to 30% for different classes.

The Committee as well as the Directorate of Education consider as normal fee hike to cover the normal inflationary increase in expenditure. But as the school was found to have hiked the fee by more than 10% the school was transferred to Category 'B' for examining the justifiability of the fee hike vis a vis the additional expenditure incurred on account of purported implementation of VI Pay Commission Report.

As at the time of initial scrutiny of records, the exercise was undertaken only with reference to the contention of the school that there was no extra fee hike effected in pursuance of order dated 11/02/2009 and the fact of implementation of VI Pay Commission report was not verified, the Committee vide another notice dated 23/10/2013, required the school to produce its salary records, provident fund returns, TDS returns and bank statements on 11/11/2013. Since the school was also found to be charging development fee, the Committee issued a questionnaire to it for eliciting information regarding the amount charged as development fee and its utilisation of as also whether the school was maintaining separate development and depreciation reserve fund in accordance with the recommendations of the Duggal Committee.



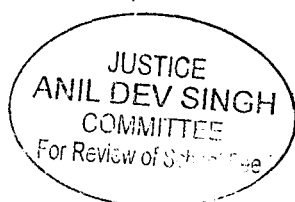
TRUE COPY

Secretary

221
On 11/11/2013, Sh. Vikas Bhatia, Manager of the school appeared with Sh. R.G. Luthra, Chartered Accountant and produced the required records. The school also filed reply to the questionnaire regarding development fee, which will be adverted to when we discuss the issue of development fee. The records produced were examined by Sh. A.D. Bhateja, audit officer of the Committee who observed as follows:

- (a) The school was paying salary as per pre revised scales during 2008-09. The VI Pay Commission was partially implemented w.e.f. 01/04/2009 with a DA rate of 16% as against the applicable rate of 22%. However, the payment of house rent allowance (HRA) and transport allowance (TA) was stopped w.e.f June 2009 and only basic pay, grade pay and DA were paid to the staff till September 2009. Thereafter, HRA was paid to four teaching staff members only and TA was paid to only nine staff members. This position continued till March 2011.
- (b) The gross salary for March 2009 was Rs. 6,76,286 and for April 2009, it was Rs. 8,26,604.
- (c) The salary was paid by both the modes i.e. cash as well as account payee cheques.
- (d) No arrear salary was paid to the staff.

The observations of the audit officer were endorsed by the Manager of the school by recording as follows:

**TRUE COPY**

[Signature]
Secretary

222
"I agree with the above observations which are as per school records. The transport allowance is not being paid to the staff since they use school transport."

In order to provide an opportunity of hearing to the school, the Committee issued notice dated 26/11/2013 for hearing on 11/12/2013. On this date, Sh. Vikas Bhatia and Sh. R.G. Luthra appeared and made oral as well as written submissions. The gist of the submissions made by the representatives of the school is as follows:

Submissions regarding tuition fee :

- (a) The school did not have any surplus funds on 11/02/2009 and the department of Education imposed an unreasonable and unlawful ceiling (of fee hike) which resulted in the school facing a situation of deficit on account of implementation of VI Pay Commission Report.
- (b) The school did not hike the fee in response to the circular issued by the Directorate for implementation of VI Pay Commission Report but the hike was effected to cover regular annual increment and on account of inflation and cost of living index. In any event, the hike was within the permissible limit as per circular dated 11/02/2009 issued by the Directorate of Education.
- (c) The amount collected by increasing the tuition fee has been paid to staff as hike in salary on part implementation of VI



TRUE COPY


Secretary

223
Pay Commission. The following chart reflects the incremental fee collected and incremental salary:

Particulars	F.Y. 2008-09	F.Y. 2009-10	Increase in 2009-10
Annual Tuition fee collection	95,25,229	1,11,70,150	16,44,921
Annual Salary	74,72,762	90,04,372	15,31,610

Discussion & Determination regarding tuition fee:

The moot point which needs to be considered by the Committee is whether the school implemented the VI Pay Commission Report, as claimed by the school, to entitle it to hike the fee in pursuance of order dated 11/02/2009 issued by the Director of Education. The school itself claims that it only partially implemented the VI Pay Commission Report. The audit officer has noted that after the initial implementation of the VI Pay Commission report, the school stopped paying some of the allowances and also did not pay the DA at the applicable rate. Furthermore, there was no uniformity in payment of allowances to the staff members. The staff members were treated differently for payment of different allowances. During the course of hearing before the Committee, the representatives of the school conceded that except for the Principal of the school, all other staff members were paid salary in cash. It was however, contended that the payment in cash was made after withdrawal from the bank. Although, it may correct that the payment of salary in cash was made after withdrawal from bank, it defies logic as to why the salaries to all



TRUE COPY

Handwritten signature
Secretary

224

the staff members were not paid by account payee cheques particularly when balance was available in the bank account. This casts a serious doubt about the claim of the school that the staff members were paid full salaries as reflected in the salary payment sheets. This aspect when examined with the observations of the audit officer based on the record of the school that different staff members were paid different allowances at different rates, persuades the Committee to take a view that the school did not even partially implement the VI Pay Commission Report and staff members were paid salaries at pre determined rates which were sought to be broken up in components of basic pay, grade pay, DA etc. There can be no other explanation for payment of different allowances to different members of staff at different rates. Having said so, the issue that is to be determined is whether the fee hike effected by the school in 2009-10 was in excess of the tolerance limit of 10%. The fee schedules of the years 2008-09 and 2009-10 are reproduced below, showing the increase in fee for different classes:

Class	Tuition Fee in 2008-09 (Rs.)	Tuition Fee in 2009-10 (Rs.)	Increase in 2009-10 (Rs.)	Percentage increase
I	950	1140	190	20.00%
II	960	1140	180	18.75%
III	990	1170	180	18.18%
IV	1000	1190	190	19.00%
V & VI	1030	1220	190	18.44%
VII	1050	1240	190	18.09%
VIII	1080	1270	190	17.59%
IX	1220	1330	110	09.02%
X	1220	1430	210	17.21%
XI & XII	1490	1720	230	15.43%



TRUE COPY

Secretary

225
It is apparent from the above table that the school resorted to a hike of around 20% for all classes except IX. The Committee is of the view that the hike in fee in excess of 10% for all the classes, except IX, was unjustified and ought to be refunded along with interest @ 9% per annum. As the fee that is determined to be hiked unjustifiably in 2009-10 is also part of the fee for subsequent years, the fee hiked in the years subsequent to 2009-10, to the extent it relates to the fee which the Committee recommends to be refunded, ought also be refunded with interest @ 9% per annum.

Development Fee:

In response to the questionnaire regarding development fee issued by the Committee, the school stated to the following effect:

- (a) It was charging development fee which was treated as a capital receipt in the accounts of the school and was being utilised for meeting development expenditure which was both capital and revenue in nature.
- (b) The school recovered a sum of Rs. 12,18,900 as development fee in 2009-10 and Rs. 14,96,100 in 2010-11.
- (c) Separate bank accounts for development fund and depreciation reserve fund have been maintained w.e.f. F.Y. 2012-13. Till 2011-12, development fee was deposited in the

TRUE COPY



common bank account of the school fund, but it was spent for designated purposes.

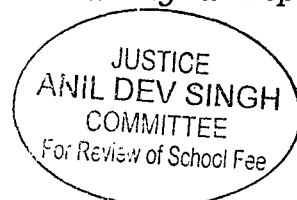
226
(d) Depreciation reserve fund had not been maintained separately though the accounting treatment was so designed to duly serve the desired purpose of maintaining depreciation reserve fund.

(e) The school follows a policy of keeping the surplus of unutilised development fund or depreciation reserve fund, if any, as earmarked funds. However, there being no surplus in the said accounts till date, the question of keeping them as earmarked investments does not arise.

Discussion:

In order to appreciate the contentions of the school, it would be apposite to trace the background of introduction of development fee as part of the fee structures of the schools. The recommendation for allowing the school to charge development fee was made for the first time by the Duggal Committee. While addressing this issue, the said Committee recommended as follows:

18. *Besides the above four categories, the schools could also levy a **Development Fee**, as a capital receipt, annually not exceeding 10% of the total annual Tuition Fee, for supplementing the resources for purchase, upgradation and replacement of furniture, fixtures and equipment, provided the school is maintaining a Depreciation Reserve Fund, equivalent to the*

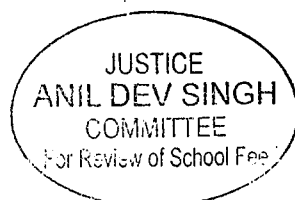


227
depreciation charged in the revenue account. While these receipts should form part of the Capital Account of the school, the collection under this head along with any income generated from the investment made out of this fund, should however, be kept in a separate 'Development Fund Account'. (Para 7.21)

The Government of National Capital Territory of Delhi passed an order dated December 15, 1999 in order to give effect to the recommendations of the Duggal Committee and in order to remove the irregularities and malpractices relating to collection and utilization of funds by the schools as pointed out therein. One of the directions (no. 7) given vide the aforesaid order was that Development fee not exceeding 10% of the total annual tuition fee for supplementing the resources for the purpose of purchase, upgradation and replacement of furniture, fixtures and equipment which shall be treated as capital receipt and shall be collected only if the school is maintaining a depreciation reserve fund, equivalent to the depreciation charged in the revenue accounts. The collection under this head along with any income generated from the investment made out of this fund, will be kept in a separately maintained development fund account.

The Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583, considered, inter alia, the following point for determination:

TRUE COPY



228
“Whether managements of Recognized unaided schools are entitled to set-up a Development Fund Account under the provisions of the Delhi School Education Act, 1973?”

The Hon'ble Supreme Court held as follows:

25. *In our view, on account of increased cost due to inflation, the management is entitled to create Development Fund Account. For creating such development fund, the management is required to collect development fees. In the present case, pursuant to the recommendation of Duggal Committee, development fees could be levied at the rate not exceeding 10% to 15% of total annual tuition fee. Direction no.7 further states that development fees not exceeding 10% to 15% of total annual tuition fee shall be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixtures and equipments. It further states that development fees shall be treated as Capital Receipt and shall be collected only if the school maintains a depreciation reserve fund. In our view, direction no.7 is appropriate. If one goes through the report of Duggal Committee, one finds absence of non-creation of specified earmarked fund. On going through the report of Duggal Committee, one finds further that depreciation has been charged without creating a corresponding fund. Therefore, direction no.7 seeks to introduce a proper accounting practice to be followed by*

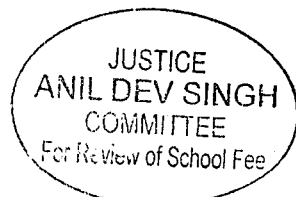


229

non-business organizations/not-for-profit organization. With this correct practice being introduced, development fees for supplementing the resources for purchase, upgradation and replacements of furniture and fixtures and equipments is justified. Taking into account the cost of inflation between 15th December, 1999 and 31st December, 2003 we are of the view that the management of recognized unaided schools should be permitted to charge development fee not exceeding 15% of the total annual tuition fee.

In view of the aforesaid decision of the Hon'ble Supreme Court, it may be observed that maintenance of earmarked development fund and depreciation reserve fund is a condition precedent for charging the development fee. If such conditions are not fulfilled, as the school admittedly did not fulfill till 2011-12, the levy of development fee itself is improper and unjustified. The Committee, is therefore of the view that the development fee charged by the school was not in accordance with law. However, since the mandate of the Committee is to examine the issue of fee charged in pursuance of order dated 11/02/2009 issued by the Director of Education, the Committee refrains from recommending any refund of development fee charged upto 2008-09. However, the development fee charged by the school in 2009-10 amounting to Rs. 12,18,900 and 2010-11 amounting to Rs. 14,96,100 ought to be refunded along with interest @ 9% per annum.

TRUE COPY



[Signature]
Secretary

Recommendations:

230
In view of the foregoing discussion and determinations, the Committee recommends the following:

- (1) The tuition fee hiked by the school in 2009-10 in excess of 10%, be refunded along with interest @ 9% per annum. The tuition fee in the years subsequent to 2009-10, to the extent it is relatable to the amount of fee recommended to be refunded for 2009-10, also be refunded along with interest @ 9% per annum.
- (2) Development fee of Rs. 12,18,900 charged in 2009-10 and Rs. 14,96,100 charged in 2010-11, be refunded along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

Dr. R.K. Sharma
Member

Sd/-

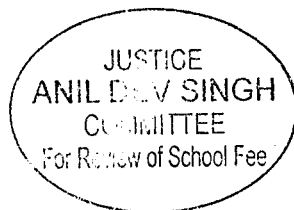
CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 06/02/2014

TRUE COPY

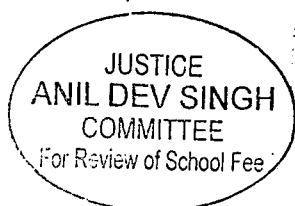


W
Secretary

231

Jagannath International School, Vishakha Enclave,**Pitampura Delhi - 110 034**

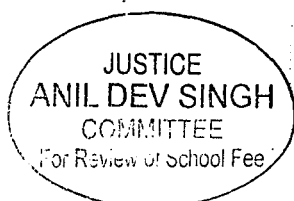
1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).
2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.
3. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school had implemented the recommendations of the sixth pay commission and had also

**TRUE COPY**
Secretary

232
increased the fee in terms of the order of the Director of Education dated 11-02-2009. In this view of the matter the school was placed in category 'B'.

4. With a view to verify the returns, the Office of the Committee vide its notice dated 26.08.2013 required the school to appear on 29.09.2013 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire. Pursuant to the notice, Shri Vikas Kaushik, Head Clerk of the School appeared before the Office of the Committee. He did not bring complete record, therefore, was directed to present the complete record of the school on 08-10-2013. On 08.10.2013, the afore-said representative of the school attended the Office of the Committee and produced the record of the school. He also presented reply to the aforesaid questionnaire. The reply to the questionnaire reads as under: -

S.No.	Query	Reply
1.	Whether the school has implemented the recommendations of the 6 th Pay Commission.	No
2.	If the answer to question no.1 is in the affirmative, please provide the following information (separate sheets may be used):- i. With effect from which date is the increased salary to staff being paid? ii. Furnish the details of salary payment to staff, pre and post implementation, of the 6 th Pay Commission.	N.A. N.A.



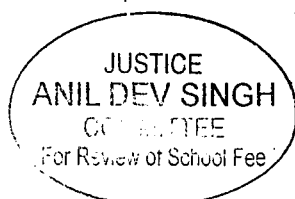
TRUE COPY

Page 2 of 7

Secretary

223

	iii. Furnish the details of payment of arrears of salary to staff consequent to implementation of the 6 th Pay Commission.	N.A.
3.	Whether the school has increased the fee of the students consequent to implementation of the 6 th Pay Commission in terms of the Order No. F.DE./15(56)/ACT/2009/778 Dated 11.2.2009 of the Director of Education.	No
4.	If answer to question no.3 is in affirmative, please provide the following information (separate sheets may be used): i. With effect from which date was the fee increased? ii. Furnish the details of fee charged from the students class wise, indicating the number of students in each class, pre and post such increase. iii. Furnish the details of arrear fee charged from the students consequent to implementation of the 6 th Pay Commission.	N.A. N.A. NA. N.A.
5.	Whether the school is charging development fee?	Yes
6.	If answer to question no.5 is in affirmative, kindly provide the following information (separate sheets may be used): - (i). Year-wise collection of development fee from 2006-07 to 2010-11 (ii). Year-wise utilization of development fee from 2006-07 to 2010-11. Please provide the amount of expenditure incurred under specific heads, out of development fee. (iii). How development fee is treated in the accounts, i.e. whether it is treated as a revenue receipt or as a capital receipt.	<u>2006-07</u> Nil, <u>2007-08</u> Rs.4,000/-, <u>2008-09</u> Rs.5,000/-, <u>2009-10</u> Rs.50,035/-, <u>2010-11</u> Rs.38,500/- Salary and other expenses Revenue Receipt



TRUE COPY

Page 3 of 7

Secretary

234	(iv). Whether separate depreciation reserve fund is maintained for depreciation on assets acquired out for development fee.	No
	(v). Whether depreciation reserve fund and un-utilized development fund are kept in earmarked bank account, or FDRs or investments. If yes, please provide details thereof.	No

7. It is apparent from the aforesaid reply that the school has admitted that it had not implemented the recommendations of the 6th Pay Commission and has also not hiked the fee in terms of the order of the Director of Education dated 11.02.2009. The school has charged development fee. The same has been treated as revenue receipt and no separate depreciation reserve fund has been maintained.

8. The representative of the school produced the requisite record for the academic years from 2008-09 to 2010-11. The record was examined, in the first instance by Shri A.D. Bhateja, Audit Officer of the Committee. On scrutiny of the record, the Audit Officer observed to the following effect:-

- i. The school has not implemented the recommendations of the 6th Pay commission.
- ii. The school has hiked the fee during 2009-10 by Rs.150/- per month for pre-nursery classes raising it from



TRUE COPY


Secretary

Rs.1050/- to Rs.1200/- per month. During 2010-11, the school has hiked the fee by Rs.100/- per month.

- 235
- iii. The school is recognized from class pre-nursery to class-VIII but there was no student in classes I to VIII.
 - iv. The school has also charged development fee from the students.

7. With a view to provide oral hearing to the school, the Committee by its notice dated 26.11.2013 required the school to appear on 12.12.2013.

8. On 12.12.2013, Shri Vikash Kaushik, Head Clerk of the school appeared before the Committee. The representative of the school admitted that the recommendations of the 6th Pay Commission have not been implemented and the fee has also not been hiked in terms of the order of the Director of Education dated 11.02.2009. It was contended that although the school was recognized up-to class VIII, but, there are no students in classes I to VIII as they move out of the school after nursery classes. The school has not charged arrear fee from the students.



TRUE COPY


Secretary

Recommendations**Re. FEE HIKE**

236

9. We have examined the record, the observations of the Audit Officer and the submissions of the representative of the school. The school has not implemented the recommendations of 6th Pay Commission and has increased the fee in 2009-10, though not in terms of the order of the Director of Education dated 11.02.2009, yet slightly above the tolerance limit of 10%.

10. In the circumstances, no intervention is required qua the fee aspect. Recommended accordingly.

Re. Development Fee.

11. As per the record, the school has charged the development fee in the following manner: -

Year	Development Fee charged
2007-08	Rs.4,000.00
2008-09	Rs.5,000.00
2009-10	Rs.50,035.00
2010-11	Rs.38,500.00

As per the own submission of the school, the development fee was treated as a revenue receipt and no earmarked depreciation reserve fund was maintained. Therefore, in view of the Committee, the school was charging the same without complying with any of the pre-



TRUE COPY Page 6 of 7

[Signature]
Secretary

237

conditions prescribed by the Duggal Committee, which were affirmed by the Hon'ble Supreme Court in the case of Modern School Vs. Union of India & Ors. Therefore, the Committee is of the view that an amount of Rs.88,535/- charged as development fee during 2009-10 and 2010-11 ought to be refunded along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

J.S. Kochar
Member

Sd/-

Dr. R.K. Sharma
Member

Dated: 22.01.2014

TRUE COPY



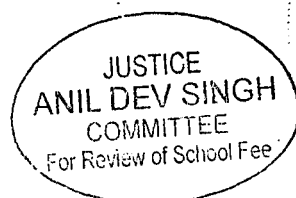

Secretary

Nav Bharti Public School, Pitampura, Delhi-110034

238 The school had not replied to the questionnaire dated 27/02/2012 issued by the Committee, which was followed by a reminder dated 27/03/2012. Subsequently, on the instructions of the Committee, the Education Officer, Zone-11 of the Directorate of Education wrote to the school to submit the reply and in response to this, the school vide its letter dated 29/09/2012 submitted its reply to the Education Officer. The same was transmitted to the Committee.

In the reply submitted by the school, it claimed to have implemented the VI Pay Commission Report w.e.f. 01/04/2009 and also claimed to have paid arrears to the staff. It enclosed various annexures to the reply. Annexure 1 mentioned that the gross salary for the month of March 2009 was Rs. 2,88,331 which rose to Rs. 5,68,090 in April on implementation of VI Pay Commission report. Annexure-II to the reply mentioned that the arrear salary on account of implementation of VI Pay Commission report amounting to Rs. 5,33,000 had been paid.

With regard to hike in fee, the school admitted to have hiked the tuition fee in terms of order dated 11/02/2009 issued by the Director of Education. Annexures 3 and 4 to the reply showed that the fee charged by the school for the month of March 2009 and April 2009. As per these annexures, the school admitted to have hiked the fee of



Nav Bharti Public School, Pitampura, Delhi-110034

238

classes I to V from Rs. 900 per month to Rs. 1100 per month, of classes VI to VIII from Rs. 975 per month to Rs. 1175 per month, of classes IX & X from Rs. 1025 per month to Rs. 1325 per month and of classes XI & XII from Rs. 1150 per month to Rs. 1450 per month. Annexure 4 to the reply mentioned that the school had charged arrear fee amounting to Rs. 5,32,950 from the students. Based on this reply, the school was placed in Category 'B'.

In order to verify the implementation of VI Pay Commission Report and recovery of arrear fee and hiked fee, the school, vide letter dated 09/07/2013, was required to produce its salary, fee and accounting records on 22/07/2013. A questionnaire regarding development fee was also issued to the school. On the scheduled date, a representative of the school appeared and filed a request letter seeking postponement of date for verification of records. Accordingly, the school was asked to produce its records on 07/08/2013. On this date, Sh. Sanjay Bhartiya, Principal appeared with Sh. Vinod Kumar, Accountant of the school and produced the required records. The school also filed reply to the questionnaire regarding development fee, which we will be adverted to when we discuss the issue of development fee.

The records produced by the school were examined by Sh. A.D. Bhateja, audit officer of the Committee and he observed that :



2

TRUE COPY

Secretary

Nav Bharti Public School, Pitampura, Delhi-110034

240

- (1) The school was not maintaining student wise fee register.
- (2) After the purported implementation of VI Pay Commission report, the school was not paying house rent allowance. The number of staff members who were paid salary differed in different months.
- (3) The school paid salary to the staff in cash although it maintained two bank accounts.
- (4) The school had taken aid from the society amounting to Rs. 8.00 lacs.

In order to provide an opportunity of hearing to the school, the Committee issued notice dated 26/11/2013 for hearing on 11/12/2013. On this date, a request letter was filed on behalf of the school seeking adjournment. Accordingly, the hearing was adjourned to 22/01/2014. On this date, Sh. Sanjay Bhartiya, Principal appeared with Sh. R.P. Ram, Member of the Managing Committee, Sh. Vinod Sharma, Head clerk and Sh. Ramesh Kumar, Accountant of the school. They were heard by the Committee. It was contended that the school paid salary to the staff in cash as the school received the fee in cash which was staggered over the month.

The Committee perused the cash book of the school and observed that contrary to the claim of the school, the school was always holding heavy cash balances while the balances held in the bank account were comparatively nominal. The following table would



3 TRUE COPY

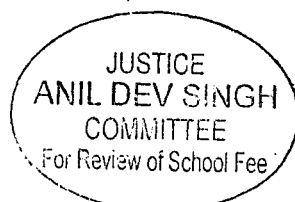

Secretary

Nav Bharti Public School, Pitampura, Delhi-110034

241 show that the contention of the school regarding payment of salary in cash cannot be countenanced as the school could have very well deposited its cash balance in the bank and paid salaries by cheques:

Month ending	Cash in hand	Cash at bank	Total cash+bank balance	Salary paid
Apr-09	763531	46500	810031	463192
May-09	530521	94307	624828	463192
Jun-09	397866	66077	463943	463192
Jul-09	408385	3509	411894	476115
Aug-09	288669	47678	336347	342357
Sep-09	221872	11543	233415	301250
Oct-09	626901	121847	748748	239652
Nov-09	609802	45315	655117	361699
Dec-09	492492	75589	568081	227697
Jan-10	878770	34906	913676	336937
Feb-10	614835	23110	637945	466403

It appears that the school had been purposely maintaining heavy cash balances in order to show the salary payments in cash. After implementation of the VI Pay Commission report, the salaries of staff rose substantially. The school is located in upscale locality of Pitampura and it is beyond imagination that the staff would ask for payments in cash. Further the above table also shows that initially the monthly salary bill after the purported implementation of VI Pay Commission report was around Rs. 4.70 lacs. However, subsequently, it started tapering off gradually and became Rs. 2.27 lacs in December 2009. The school started showing a number of teacher to be on leave without pay from September 2009 onwards. This is a usual stratagem



T. P. SINGH
Secretary

Nav Bharti Public School, Pitampura, Delhi-110034

242
adopted by the schools to show implementation of VI Pay Commission report by showing some teachers getting full salary and the others to be on leave without pay. In view of the foregoing facts, the Committee is of the view that the school did not in fact implement the VI Pay Commission report and showed its implementation only in papers.

In view of these findings, the Committee is of the view that the school was not justified in hiking its tuition fee by Rs. 200 per month to Rs. 300 per month w.e.f. 01/04/2009 and the hike, in so far as it exceeds the tolerance limit of 10%, ought to be refunded along with interest @ 9% per annum. The arrear fee recovered by the school amounting to Rs. 5,32,950 also requires to be refunded along with interest @ 9% per annum for the same reason.

Development Fee:

As per the reply submitted by the school to the questionnaire regarding development fee issued by the Committee, the school stated that it had recovered development fee amounting to Rs. 6,10,135 in 2009-10 and Rs. 6,44,935 in 2010-11. It also admitted that the development fee was treated as a revenue receipts in its accounts. However, at the same time, it stated that though treated as a revenue receipt, the school had purchased assets out of development fee to the tune of Rs. 6,82,592 in 2009-10 and Rs. 2,77,660 in 2010-11. With

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

M

Nav Bharti Public School, Pitampura, Delhi-110034

regard to maintenance of separate development fund and depreciation reserve fund, the reply of the school was vague.

Perusal of the balance sheet of the school for 2009-10 showed that out of the total assets purchased amounting to Rs. 6,82,592, a sum of Rs. 6,40,562 was spent on purchase of a car and that too not out of development fee but by raising a loan from HDFC Bank Ltd.. The assets purchased in 2010-11 however, are furniture and fixture and equipments. However, neither development fund account nor depreciation reserve fund account was found to be maintained.

In view of the fact that the school was not fulfilling any of the pre conditions for charging of development fee as laid down by the Duggal Committee, which were upheld by the Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583, the school was not justified in charging the development fee and the same charged in 2009-10 and 2010-11 ought to be refunded along with interest @ 9% per annum.

Recommendations:

In view of the aforesaid findings, the Committee makes the following recommendations:

- 1. The school ought to refund the arrear fee amounting to Rs. 5,32,950 in pursuance of order dated 11/02/2009 issued by**



Nav Bharti Public School, Pitampura, Delhi-110034

the Director of Education, along with interest @ 9% per annum from the date of collection to the date of refund.

- 244
2. The school ought to refund the tuition fee hiked by it in 2009-10 by Rs. 200 per month for classes I to VIII and Rs. 300 per month for classes IX to XII along with interest @ 9% per annum from the date of collection to the date of refund.
 3. The school ought to refund development fee recovered, amounting to Rs. 6,10,135 in 2009-10 and Rs. 6,44,935 in 2010-11 along with interest @ 9% per annum from the date of collection to the date of refund.

Recommended accordingly.

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Date: 11/04/2014



TRUE COPY

[Signature]
Secretary

The Adarsh School, Kirti Nagar, New Delhi-110015

245

The school had replied to the questionnaire dated 27/02/2012 issued by the Committee by email dated 02/03/2012. However, the hard copy of the reply, duly signed on behalf of the school, was not received by the Committee. The annual returns filed by the school under Rule 180 of the Delhi School Education Rules 1973, however, were forwarded to the office of the Committee by the Dy. Director of Education, West-A Zone under cover of his letter dated 12/10/2012. On examination of these returns, it, prima facie appeared to the Committee, that the school, while hiking the fee in terms of order dated 11/02/2009 issued by the Director of Education, had also implemented the VI Pay Commission Report. Accordingly, the school was placed in Category 'B'.

As the Committee had not received any authenticated copy of the reply to the questionnaire issued by it, the Committee, vide letter dated 08/07/2013 again sent a proforma of a fresh questionnaire, which incorporated queries regarding development fee also, to the school for appropriate response. The school was also directed to produce its fee records, salary records, books of accounts, TDS returns and provident fund returns on 18/07/2013.

On the appointed date, Sh. Ashok Sehgal Manager of the school appeared in the office of the Committee and produced the required



TRUE COPY


Secretary

246 records. He also submitted reply to the revised questionnaire issued by the Committee. As per the reply, the school claimed to have implemented the VI Pay Commission report w.e.f. 01/07/2009 and also stated that it had hiked the fee in terms of order dated 11/02/2009 issued by the Director of Education w.e.f. 01/04/2009. However, with regard to arrears, the school claimed neither to have recovered any arrear fee from the students nor to have paid any arrear salary to the staff. The school also stated that it had not charged any development fee in any of the five years i.e. 2006-07 to 2010-11, the information for which had been sought.

The records produced by the school were examined by Sh. N.S. Batra, audit officer of the Committee and he observed as follows:-

- (a) The school was charging fee between Rs. 975 per month and Rs. 1400 per month for different classes in 2008-09. The same was hiked in 2009-10. The hike was to the tune of Rs. 200 per month for classes I to VIII, X & XI, @ Rs. 75 per month for class IX and @ Rs. 250 per month for class XII. In 2010-11, the fee hiked was around 9% for all the classes except for class I for which it was hiked by about 19%.
- (b) The books of accounts were regularly maintained by the school and no adverse feature were noticed.
- (c) The school had implemented the VI Pay Commission Report w.e.f. July 2009 except that HRA was not being paid to the staff.

TRUE COPY



N
Secretary

247
(d) The school was regularly deducting TDS and provident fund from salaries and filing the returns with the respective authorities.

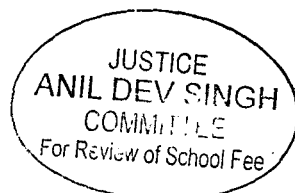
In order to provide an opportunity of hearing to the school, the Committee issued a notice dated 26/11/2013 for hearing on 12/12/2013. On this date, Sh. A.K. Sehgal, Manager of the school appeared with Sh. Sanjay, a clerk working in the school. They were heard by the Committee.

It was contended by the representative of the school that the VI Pay Commission report had been substantially implemented w.e.f. 01/07/2009 except that HRA was not being paid to the staff. It was contended that the staff had agreed to forgo HRA. It was conceded by the representatives of the school that, in terms of the agreement with the staff, the school does not have to pay any gratuity or leave encashment at the time of retirement. It was further contended that no arrears of salary for the period 01/01/2006 to 30/06/2009 had been paid nor any arrear fee had been recovered from the students. The fee was hiked w.e.f. 01/04/2009 in terms of order dated 11/02/2009 issued by the Director of Education.

Discussion:

The Committee, with the assistance of the representatives of the school examined the financials of the school along with other documents filed during the course of verification and hearing by the

TRUE COPY



[Signature]
Secretary

Committee. The following figures were worked out by the Committee which were accepted by the representatives of the school:

Funds available with the school	
As on 31/03/2009	Rs. 1,39,45,637
Aggregate of salary and schools	
Contribution to provident fund	
For 2008-09	Rs. 95,57,874
Aggregate of salary and schools	
Contribution to provident fund	
For 2009-10	Rs. 1,22,46,372

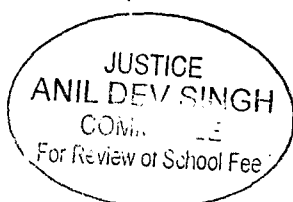
Determination:

With the aforesaid figures, which have been accepted by the school, the following determinations are made:

The school had a sum of **Rs. 1,39,45,637** available with it as on 31/03/2009. The Committee has been taking a view that the entire funds available with the school ought not to be considered as available for implementation of VI Pay Commission Report and the schools ought to set apart funds equivalent to its accrued liabilities for payment of gratuity and leave encashment, besides maintaining a reserve for future contingencies equivalent to four months salaries. However, in this case, the school has conceded that it does not pay nor has to pay any gratuity or leave encashment in terms of its agreement with the staff. Therefore only funds equivalent to four

TRUE COPY

4



Secretary

249
months' salary need to be set aside for meeting any future contingencies and the remaining funds available have to be considered as available for implementation of VI Pay Commission report. The total expenditure on salary and provident fund for the year 2009-10 was Rs. 1,22,46,372. Based on this, the figure for four months salary comes to **Rs. 40,82,124**. Therefore, in view of the Committee, the school had a sum of **Rs. 98,63,513** available with it which it could have utilised for implementation of VI Pay Commission report.

The incremental expenditure on salary and provident fund for the year 2009-10, when VI Pay Commission Report was implemented was **Rs. 26,88,498** (1,22,46,372 - 95,57,874). Thus the school had ample funds of its own to implement the VI Pay Commission report without resorting to any fee hike. However, as noted supra, the school took advantage of the order dated 11/02/2009 issued by the Director of Education and hiked the fee when no hike was required.

The Committee is therefore of the view that the school ought to refund the fee hiked by it for different classes in 2009-10, along with interest @ 9% per annum.

Development Fee:

Since, the school claims not to have charged any development fee and the fee structures and the financials also do not show any



TRUE COPY


Secretary

such charge, no recommendation is required to be made in respect thereof.

250

Recommendations:

The school ought to refund the fee hike effected by it in 2009-10 i.e. Rs. 200 per month for classes I to VIII, X & XI, Rs. 75 per month for class IX & Rs. 250 per month for class XII, along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

Dr. R.K. Sharma
Member

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 20/01/2014

TRUE COPY

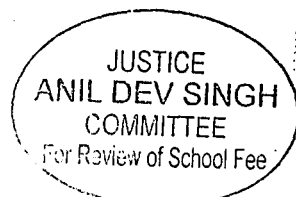

Secretary



S.D.Public School, East Patel Nagar, New Delhi-110008

251
The school had initially not replied to the questionnaire dated 27/02/2012 issued by the Committee, which was followed by a reminder dated 27/03/2012. However, it appears that subsequently the matter was taken up by the Education Officer of the Directorate of Education with the school when the issue of non compliance by the school was brought to notice of the Director. The school vide its letter dated 09/10/2012, submitted its reply in the office of Education Officer, Zone-16, which was transmitted to the office of the Committee. The school gave its reply to the questionnaire, which was very vague and lacked in details. It stated that it had implemented the VI Pay Commission Report w.e.f. May 2009 and the pre implementation and post implementation salaries were being paid "as per Government scales". It also stated that the arrears had been paid "as per the direction of Directorate". With regard to question relating to fee hike in pursuance of order dated 11/02/2009 issued by the Director of Education, the school stated that no hike had been effected. Further, it replied as "N.A." to the questions regarding the arrear fee charged from the students for the purpose of implementation of VI Pay Commission report. The school was provisionally placed in Category 'B'.

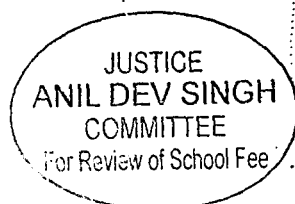
As the school appeared to be evasive in its reply to the questionnaire, the Committee considered it appropriate to verify the factual position, by calling for the records of the school. Accordingly a



S.D.Public School, East Patel Nagar, New Delhi-110008

252
notice dated 08/07/2013 was issued to the school, calling for its fee records, salary records, books of accounts, bank statements, provident fund returns and TDS returns. A questionnaire regarding development fee was also issued to the school along with the notice. As per the notice, the records were required to be produced by the school on 18/07/2013 in the office of the Committee. However, this notice was not complied with. A fresh notice dated 29/07/2013 was issued, requiring the school to produce the records on 29/08/2013. Again, the school failed to comply with the notice. However, a letter dated 27/08/2013 was received at the counter of the Committee on 29/08/2013 stating that the school was preoccupied with the Janamashtmi festival and a fresh date may be given. A last opportunity was given to the school vide notice dated 26/09/2013, to produce its records on 24/10/2013. On this date, Ms. Rita Sachdeva, Office Supdt. of the school appeared in the office of the Committee but did not produce the relevant records. She asked for further time to be granted. Accordingly another opportunity was given to the school to produce the required records on 27/11/2013. On this date, Ms. Rita Sachdeva appeared with the relevant records, which were verified by Sh. N.S. Batra, audit officer of the Committee. He observed as follows:

- (a) The fee hiked by the school in the year 2009-10 was between Rs. 95 per month and Rs. 130 per month for different

**TRUE COPY**
Secretary

S.D.Public School, East Patel Nagar, New Delhi-110008

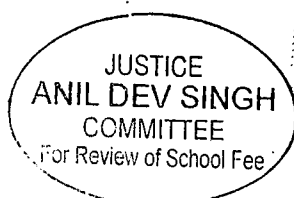
253
classes. The hike in fee was within 10%. Similarly the hike in fee in the year 2010-11 was within 10%.

- (b) All the transactions of the school are through bank.
- (c) The school had implemented the VI Pay Commission report, so far as it appeared on examination of the pay bill for the month of April 2009. The school was properly filing its provident fund and TDS returns.

In order to provide an opportunity of being heard to the school, the Committee issued a notice dated 27/01/2014, requiring the school to appear before the Committee on 11/02/2014. As the school was found to be charging development fee also, a questionnaire for eliciting the relevant information regarding recovery and collection of development fee and maintenance of development fund and depreciation reserve fund was issued to the school.

On the scheduled date, Ms. Rita Sachdeva, Office Supdt. of the school appeared with Sh. Manish Gupta, Accountant. They were heard by the Committee. They also filed reply to the questionnaire regarding development fee, which will be adverted to when we discuss the issue of development fee. It was mainly contended on behalf of the school, as follows:

- (a) The school prospectively implemented the VI Pay Commission report w.e.f. September 2009. No arrears of salary were paid as no arrears of fee were charged from the

**TRUE COPY**

M
Secretary

S.D.Public School, East Patel Nagar, New Delhi-110008

254
students as envisaged in the order dated 11/02/2009 issued by the Director of Education.

(b) The tuition fee hiked in 2009-10 and also in 2010-11 was only upto 10%, which is a normal hike. No hike in fee was effected specifically to implement the recommendations of VI Pay Commission report.

Discussion & Determination:**Tuition Fee:**

The Committee has perused the returns of the school filed under Rule 180 of the Delhi School Education Rules, 1973, the reply submitted by the school to the two questionnaires issued by the Committee, the observations of the audit officer of the Committee and the submissions made by the school during the course of hearing.

The Committee is of the view that if the contention of the school that the fee hiked by it in 2009-10 and 2010-11 was within 10%, is correct, there would be no case for any intervention in the matter of tuition fee, irrespective of whether the school has implemented the VI Pay Commission report or not. It would be in order to set out herebelow the tuition fee charged by the school in 2008-09, 2009-10 and 2010-11 in order to examine the extent of fee hike. The same is tabulated below:

**TRUE COPY**

N
Secretary

S.D.Public School, East Patel Nagar, New Delhi-110008

255

Class	Tuition Fee charged in 2008-09 (Rs.)	Tuition Fee charged in 2009-10 (Rs.)	Increase in Tuition Fee in 2009-10 (Rs.)	%age Increase	Tuition fee charged in 2010-11 (Rs.)	Increase in Tuition Fee in 2010-11 (Rs.)	%age increase
I to III	955	1050	95	9.95%	1155	105	10.00%
IV-V	1010	1110	100	9.90%	1220	110	9.91%
VI to VIII	1030	1130	100	9.71%	1240	110	9.73%
IX-X	1075	1182	107	9.95%	1300	118	9.98%
XI-XII	1295	1425	130	10.03%	1565	140	9.82%

The audit officer of the Committee has verified the fee from the fee records produced by the school and has observed that the fee as set out in the above table is correct. Since the tuition fee hiked by the school is within the tolerance limit of 10% in 2009-10 as well as in 2010-11, the same calls for no intervention.

Development Fee:

In reply to the questionnaire regarding development fee issued by the Committee, the school contended that it had charged development fee in 2009-10 and 2010-11. The utilisation details have also been furnished for these two years. Further it is mentioned that the development fee is treated as a revenue receipt in the accounts. It was further mentioned that no depreciation reserve fund is maintained for depreciation on assets acquired out of development fee. As regards unutilised development fee is concerned, the school stated that it is kept in bank as FDR.

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

TRUE COPY

Secretary

S.D.Public School, East Patel Nagar, New Delhi-110008

256
It would be appropriate to give herebelow, the various figures given by the school regarding development fee charged and utilised in 2009-10 and 2010-11.

Particulars	F.Y. 2009-10	F.Y. 2010-11
Development fee collected	21,33,800	43,82,300
Development fee utilised:		
(a) Repair & maintenance	2,98,395	17,80,445
(b) Lab expenses	23,248	46,207
(c) Library books	86,989	89,653
(d) Software expenses		68,250
(e) Computer Lab.	3,67,213	1,18,543
(f) Sports expenses	31,081	34,143
(g) CCTV	<u>1,50,000</u>	<u>65,000</u>
Total utilisation	9,56,926	22,02,241
Unutilised development fee	11,76,874	21,80,059

It would be apparent from the above details that except for small amounts of Rs. 1,50,000 and Rs. 65,000 spent in 2009-10 and 2010-11 on acquisition of CCTV, none of the other expenditures incurred out of development fee (as per school's own submission), is capital expenditure on furniture and fixture or equipments. The school treats the development fee as a revenue receipt and spends the same on revenue expenditures. This is not the purpose for which the schools are allowed to charge development fee. The concept of development fee in unaided private schools in Delhi was introduced for the first time by the Duggal Committee. It recommended as follows:

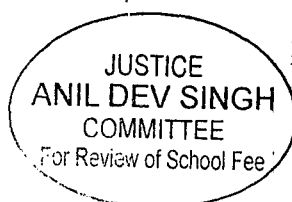
JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

S.D.Public School, East Patel Nagar, New Delhi-110008

257

18. Besides the above four categories, the schools could also levy a Development Fee, as a capital receipt, annually not exceeding 10% of the total annual Tuition Fee, for supplementing the resources for purchase, upgradation and replacement of furniture, fixtures and equipment, provided the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue account. While these receipts should form part of the Capital Account of the school, the collection under this head along with any income generated from the investment made out of this fund, should however, be kept in a separate 'Development Fund Account'.
(Para 7.21)

Pursuant to the report the Government of National Capital Territory of Delhi passed an order dated December 15, 1999 in order to give effect to the recommendations of Ms. Justice Santosh Duggal Committee Report. One of the directions (no. 7) given vide the aforesaid order was that Development fee not exceeding 10% of the total annual tuition fee for supplementing the resources for the purpose of purchase, upgradation and replacement of furniture, fixtures and equipment shall be treated as capital receipt and shall be collected only if the school is maintaining a depreciation reserve fund, equivalent to the depreciation charged in the revenue accounts. The collection under this head along with any income generated from the



7

TRUE COPY

Secretary

S.D.Public School, East Patel Nagar, New Delhi-110008

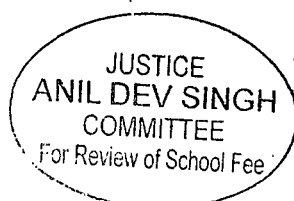
258 investment made out of this fund, will be kept in a separately maintained development fund account.

The Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583 considered the issue of charging of development fee by the schools and formulated the following question:

"Whether managements of Recognized unaided schools are entitled to set-up a Development Fund Account under the provisions of the Delhi School Education Act, 1973?"

The Supreme Court held as follows:

"25. In our view, on account of increased cost due to inflation, the management is entitled to create Development Fund Account. For creating such development fund, the management is required to collect development fees. In the present case, pursuant to the recommendation of Duggal Committee, development fees could be levied at the rate not exceeding 10% to 15% of total annual tuition fee. Direction no.7 further states that development fees not exceeding 10% to 15% of total annual tuition fee shall be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixtures and equipments. It further states that development fees shall be treated as Capital Receipt and shall be collected only if the school maintains a depreciation reserve fund. In our



S.D.Public School, East Patel Nagar, New Delhi-110008

259

view, direction no.7 is appropriate. *If one goes through the report of Duggal Committee, one finds absence of non-creation of specified earmarked fund. **On going through the report of Duggal Committee, one finds further that depreciation has been charged without creating a corresponding fund.** Therefore, direction no.7 seeks to introduce a proper accounting practice to be followed by non-business organizations/not-for-profit organization. With this correct practice being introduced, development fees for supplementing the resources for purchase, upgradation and replacements of furniture and fixtures and equipments is justified. Taking into account the cost of inflation between 15th December, 1999 and 31st December, 2003 we are of the view that the management of recognized unaided schools should be permitted to charge development fee not exceeding 15% of the total annual tuition fee.”*

(Emphasis supplied by us)

Thus, in order that the school may charge development fee it has to fulfill the pre conditions, one being that it is treated as a capital receipt in the accounts and second that the school maintains a depreciation reserve fund equivalent to depreciation charged in the accounts. Third, the school can utilise development fee only for purchase or upgradation of furniture and fixtures & equipments. Of its own showing, the school was not fulfilling any of the pre



TRUE COPY

Secretary

S.D.Public School, East Patel Nagar, New Delhi-110008

260
conditions as laid down by the Hon'ble Supreme Court. The school has treated development fee as an additional source of revenue which has gone to its coffers.

In view of the foregoing discussion, the Committee is of the view that the school unjustly recovered the development fee of Rs. 21,33,800 in 2009-10 and Rs. 43,82,300 in 2010-11. The same ought to be refunded along with interest @ 9% per annum. It is noteworthy that the school was not charging any development fee prior to 2009-10 and was doing fine, so much so that it was able to generate sufficient resources so as to be able to implement the VI Pay Commission report, albeit prospectively, without hiking the fee which was permitted by the Director of Education.

Recommendations:

In view of the foregoing discussion, the Committee is of the view that the school ought to refund the development fee of Rs. 21,33,800 charged in 2009-10 and Rs. 43,82,300 in 2010-11, along with interest @ 9% per annum from the date of collection to the date of refund.

Recommended accordingly.

Sd/-

Sd/-

Sd/-

CA J.S. Kochar
Member

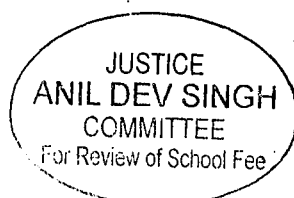
Justice Anil Dev Singh (Retd.)
Chairperson

Dr. R.K. Sharma
Member

Dated: 05/05/2014

10

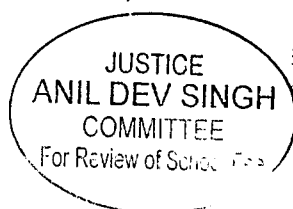
TRUE COPY



Secretary

261
Parag Bharti Model School, Veena Enclave, Nangloi, Delhi - 041

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).
2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.
3. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school had implemented the recommendations of the sixth pay commission and had also increased



TRUE COPY

Page 1 of 6


Secretary

the fee in terms of the order of the Director of Education dated 11-02-2009. In this view of the matter the school was placed in category 'B'.

262

4. With a view to verify the returns, the Office of the Committee vide its notice dated 03-07-2013 required the school to appear on 17.07.2013 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire. On 17.07.2013, Shri Vijay Kumar, TGT of the school attended the Office of the Committee along-with the records. They also presented following reply to the aforesaid questionnaire.

S.No.	Query	Reply
1.	Whether the school has implemented the recommendations of the 6 th Pay Commission.	Yes
2.	If the answer to question no.1 is in the affirmative, please provide the following information (separate sheets may be used):- i. With effect from which date is the increased salary to staff being paid? ii. Furnish the details of salary payment to staff, pre and post implementation, of the 6 th Pay Commission. iii. Furnish the details of payment of arrears of salary to staff consequent to implementation of the 6 th Pay Commission.	April 2010 Details Attached Details Attached
3.	Whether the school has increased the fee of the students consequent to implementation of the 6 th Pay Commission in terms of the Order No. F.DE./15(56)/ACT/2009/778 Dated 11.2.2009 of the Director of Education.	Slightly Increased
4.	If answer to question no.3 is in affirmative, please provide the following information	



TRUE COPY

Secretary

263	(separate sheets may be used): i. With effect from which date was the fee increased? ii. Furnish the details of fee charged from the students class wise, indicating the number of students in each class, pre and post such increase. iii. Furnish the details of arrear fee charged from the students consequent to implementation of the 6 th Pay Commission.	April 2010 Details Attached No
-----	--	--

5. It would appear from the reply to the questionnaire, that the school has implemented the recommendations of the 6th Pay Commission and has also hiked the fee.

6. The record produced by the school, in the first instance, was examined by Shri N.S. Batra, Audit Officer of the Committee. He observed to the effect that:-

- i. The school had implemented report of the 6th Pay Commission nominally.
- ii. The Fee structure for 2008-09 and 2009-10 have been checked with the Fee Statement and fee receipt books and found to be in agreement with the fee structure.
- iii. The school had hiked the fee in 2009-10 for all classes, in terms of the order of the Director of Education dated 11.02.2009. In the year 2010-11, the fee had been hiked within the range of 10%.

TRUE COPY

Page 3 of 6



W
Secretary

- iv. The school had been receiving fee in cash and salary to the staff was also paid in cash.
- v. The school had not deducted PF and TDS from the salary of the staff.

264

7. By notice dated 26.11.2013 the school was asked to appear on 12.12.2013 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school.

8. On the scheduled date 12.12.2013, Shri Balkishan Dabas, Manager and Shri Kulbhushan, Accountant appeared before the Committee. They submitted that the salary to the staff has been paid in cash without deducting PF and TDS. The bank statements for the year 2008-09 to 2010-11 have shown only one or two transactions during the entire year. On query by the Committee, the Manager of the school has conceded that the recommendations of the 6th Pay Commission have only been shown to have been implemented in papers. It was further contended that as a matter of fact, neither the increased salary shown to have been paid to the staff has been paid nor the hiked fee shown to have been charged is actually charged. The school has not collected arrear fee and development fee from the students.



TRUE COPY

Page 4 of 6


~~Secretary~~

265
9. We have gone through the record, observations of the Audit Officer and submissions of the school representatives. The Audit Officer had checked the Fee Receipt Books and Fee Registers for the academic sessions 2008-09 to 2010-11 with the Fee Structures.

10. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during 2009-10 and 2010-11:

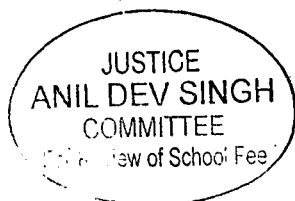
Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I to V	850	1000	150	1100	100
VI to VIII	850	1100	250	1200	100
IX to X	900	1200	300	1300	100

11. From the above, it is manifest that the increase in fee during the years 2009-10 for classes I to V was not only in terms of the order of the Director of Education dated 11.02.2009, but was in excess for classes VI to X as provided in the aforesaid order. During 2010-11, the hike was within the range of 10%.

12. On the basis of the records of the school examined by the Committee and the submissions of its representatives, we are of the view that the school did not implement the 6th Pay Commission report. The increased salary is only being shown in the papers. The submission of the Manager of the school that the fee as shown to have been charged is actually not charged cannot be relied upon.

TRUE COPY

Page 5 of 6



[Signature]
Secretary

RECOMMENDATION**Re. Fee Hike**

266
 Since the school has utilised the order of the Director of Education dated 11.02.2009 for enhancing the tuition fee without implementing the recommendations of 6th Pay Commission, we are of the view that the increase in fee in excess of the tolerance limit of 10%, was unjustified. Therefore, the committee recommends that the fee hike effected by the school in 2009-10 in excess of 10% ought to be refunded along with interest @9% per annum.

Further, the fee hiked in 2009-10 is also part of the fee for the subsequent years, there would be a ripple effect in the subsequent years and the fee of the subsequent years to the extent, it is relatable to the fee hiked in 2009-10 ought also to be refunded along with interest @9% per annum.

Re. Development Fee.

The school has not charged development fee. Therefore no recommendation is made by the committee in respect of development fee.

Recommended accordingly.

Sd/-

**Justice Anil Dev Singh (Retd.)
 Chairperson**

Dated: 22.01.2014

Sd/-

**J.S. Kochar
 Member**

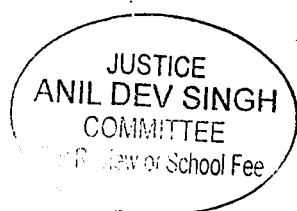
Sd/-

**Dr. R.K. Sharma
 Member**

TRUE COPY

[Signature]
 Secretary

Page 6 of 6



B-242**Modern Child Public Sr. Sec. School, Nangloi, Delhi-110041**

267

Initially the school had not responded to the questionnaire dated 27/02/2012 issued by the Committee, which was followed by a reminder dated 27/03/2012. However, the school had submitted the required documents for examining the issue of fee hike by the Committee to the Dy. Director of Education, District West-B, under cover of its letter dated 08/02/2012. These were transmitted to the office of the Committee by the concerned district. On prima facie examination of these documents, it appeared that the school had hiked the fee in terms of order dated 11/02/2009 issued by the Director of Education and had also implemented the VI Pay Commission Report. Accordingly, it was placed in category 'B'.

On a subsequent follow up by the Director of Education, the school submitted its reply to the questionnaire dated 27/02/2012 issued by the Committee, vide its letter dated 28/09/2012. In the reply, the school claimed to have implemented the VI Pay Commission Report w.e.f. 01/08/2008. In support of this averment, the school enclosed copies of the salary payment sheets for the months of July 2008 and August 2008, showing that the total outgo on account of salary had gone up from Rs. 6,68,737 to Rs. 7,96,463 on account of implementation of VI Pay Commission Report. With regard to arrear fee and salary, the school stated that neither it collected any arrear fee from the students nor any arrears were paid to the staff. With regard

**TRUE COPY**

N
Secretary

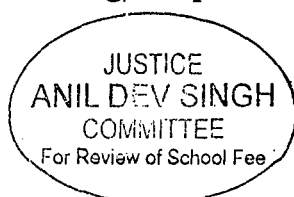
268
to fee hike, it was stated that the school had not hiked the fee of the students in pursuance of order dated 11/02/2009 issued by the Director of Education. However, it was stated that the school had hiked the fee in 2008-09 and 2009-10, though not in terms of the aforesaid order. It enclosed the fee schedules for the years 2008-09, 2009-10 and 2010-11 showing the hike in the respective years. On perusal of these fee schedules, the Committee observed that the hike was of the order of Rs. 200 per month for all the classes across the board in 2008-09. In percentage terms, the hike was to the tune of 14.81% to 18.18% for different classes. In 2009-10, the hike was of the order of Rs. 200 per month for classes I to VIII and Rs. 300 per month for classes IX to XII. In 2010-11, the hike was to the tune of Rs. 150 per month for all the classes which worked out to 8.10% to 10% for different classes. The fee charged by the school in 2007-08, 2008-09 and 2009-10 as given in the fee schedules furnished by the school is as follows:

Class	Fee for 2007-08	Fee for 2008-09	Fee for 2009-10
I	1100	1300	1500
II	1100	1300	1500
III	1150	1350	1550
IV	1150	1350	1550
V	1150	1350	1550
VI	1250	1450	1650
VII	1250	1450	1650
VIII	1250	1450	1650
IX	1350	1550	1850
X	1350	1550	1850
XI (Science)*	1800	2000	2300
XI (Non science)**	1650	1850	2150
XII (Science)*	1800	2000	2300
XII (Non science)**	1650	1850	2150

*Including science fee, computer fee and physical fee

**Including computer fee and physical fee

TRUE COPY



269
The Committee found it odd that the school had implemented the VI Pay Commission Report w.e.f. August 2008 itself when the order for its implementation was issued by the Director of Education only on 11/02/2009. In order to verify the factual position, the Committee issued a notice dated 03/07/2013 requiring the school to produce its books of accounts, fee records, salary records, bank statements, provident fund returns and TDS returns on 17/07/2013. As the fee schedules reflected that the school was also charging development fee, a questionnaire for eliciting specific information regarding collection and utilisation of development fee and maintenance of development and depreciation reserve fund was issued to the school.

In response, the school filed its reply to the questionnaire regarding development fee vide letter dated 17/07/2013. As per the reply given by the school, the school had charged development fee in each of the five years for which information was sought i.e. 2006-07 to 2010-11. The school further stated that the development fee had been treated as a revenue receipt in the accounts of the school and neither any development fund nor any depreciation reserve fund was maintained by the school. With regard to utilisation of development fee also, the school stated that the same was partly utilised for purchase of furniture, partly for construction of building and partly



for repair and maintenance of building and other assets. As per the information submitted by the school, in 2006-07, the school recovered a total development fee of Rs. 7,18,000 out of which only Rs. 2,18,610 was spent on purchase of furniture. The rest of the fee was spent on building construction and repair & maintenance. This pattern was repeated in the subsequent years also. **In 2009-10, the development fee received by the school was 11,40,000 and in 2010-11 it was Rs. 10,78,600.**

Ms. Sarita Verma and Ms. Meenakshi, LDCs of the school appeared on 17/07/2013 and produced the required records. The records were examined by Sh. A.D. Bhateja, audit officer of the Committee and he observed that

- (a) the fee hike effected by the school in 2009-10 , as noted above, in percentage terms worked out to 13.79% to 16.21% for different classes. In 2010-11, the hike was within 10%.
- (b) The books of accounts of the school did not throw up any adverse feature.
- (c) The school had implemented the VI Pay Commission Report. Proper deductions were made for TDS and provident fund and the school was filing regular returns. The salary was being paid through bank transfer.

In order to provide an opportunity of hearing to the school, the Committee issued notice dated 26/11/2013 for hearing on



12/12/2013. On this date, the aforesaid representatives of the school appeared with an authority letter from the Manager.

271
On a specific query by the Committee as to how the school had implemented the VI Pay Commission Report w.e.f. August 2008 when the order for implementation of the same was issued by the Director of Education on 11/02/2009, the representatives of the school contended that the school management was keeping a track of the announcements regarding VI Pay Commission report and soon after it was announced some time in July 2008, the school decided to implement w.e.f. August 2008 without waiting for any order from the the Directorate of Education, as it was aware that it had to implement it in view of the provisions of section 10 of Delhi School Education Act, 1973. It was further contended that the school was not even aware that an order dated 11/02/2009 had been issued by the Director of Education for implementation of VI Pay Commission report and for increasing the fee of the students for the purpose of such implementation. It was further contended that in anticipation of the announcement of the VI Pay Commission Report, the school had resorted to a fee hike which was more than 10% in 2008-09 itself so as to raise the resources for implementation of VI Pay Commission Report as and when it was announced. It was also contended that since the school was not aware of the order dated 11/02/2009 issued by the Director of Education, it did not hike the fee strictly as laid down in the aforesaid order nor it collected any arrear fee as envisaged



TRUE COPY

M
Secretary

in that order. Consequently the arrears of salary for the period 01/01/2006 to 31/07/2008 were also not paid to the staff.

Discussion & Determination:

272
The Committee has perused the returns of the school filed under Rule 180 of the Delhi School Education Rules, 1973, the reply submitted by the school to the two questionnaires issued by the Committee, the observations of the audit officer and the submissions made by the school during the course of hearing.

This case, as it has unfolded, is extra ordinary. While most of the schools the Committee has come across fight shy of implementing the VI Pay Commission Report for a variety of reasons even after specific directions were issued by the Director of Education, here is the school, which voluntarily went ahead and implemented the VI Pay Commission Report soon after its announcement, without waiting for any direction from the Director of Education. Although, in the beginning, it appeared to be too good to be true, after examining the records of the school, the Committee is convinced that the school did implement the VI Pay Commission report w.e.f. August 2008 in view of the fact that the payments of salary were made through unimpeachable mode of bank transfer to the accounts of the staff, proper deductions were made for provident fund and TDS from the increased salaries. The representative of the school had answers to all the queries raised by the Committee during the course of hearing with supporting back up documents.

TRUE COPY




Secretary

273

The Committee has examined the balance sheet of the school as on 31/03/2008 and has observed that the school hardly had any resources of its own to implement the VI Pay Commission Report. Its net current assets were almost NIL. Therefore, the issue that is to be examined by the Committee is whether the hike in fee effected by the school in 2008-09 and 2009-10 for the purpose of implementation of VI Pay Commission Report was justified or it was excessive. The Committee is aware that its mandate is to examine the fee hike in pursuance of order dated 11/02/2009 issued by the Director of Education and the fee hike for the year 2008-09, would not normally come in the purview of the Committee. However, the Committee is of the view that in the peculiar circumstances of this case where the school resorted to more than normal fee hike in 2008-09 with a view to generating the resources for implementation of VI Pay Commission Report, the fee hike for 2008-09 also needs to be examined. Here the issue of development fee charged by the school also needs to be considered in the proper perspective. Admittedly, the school was treating development fee as a revenue receipt without maintaining any development fund or depreciation reserve fund. Therefore, none of the pre conditions for levy of development fee as prescribed by the Duggal Committee, which were affirmed by the Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583 , is being fulfilled. Further on examination of audited financials of the school, the following facts and figures emerged

TRUE COPY

Particulars	2007-08 (Rs.)	2008-09 (Rs.)	Increase in 2008- 09 (Rs.)	Percentage increase
Total fee revenue, including development fee	1,25,37,850	1,65,08,563	39,70,713	31.67%
Salary + PF expenditure	93,95,666	1,14,15,938	20,20,272	21.50%
Net Cash inflow (net profit + depreciation)	16,41,708	28,98,061	12,56,353	76.52%
Additions to building	10,39,300	12,08,620		
Additions to cars	0	0		

Particulars	2008-09 (Rs.)	2009-10 (Rs.)	Increase in 2009- 10 (Rs.)	Percentage increase
Total fee revenue, including development fee	1,65,08,563	1,89,17,170	24,08,607	14.59%
Salary + PF expenditure	1,14,15,938	1,37,12,936	22,96,998	20.12%
Net Cash inflow (net profit + depreciation)	28,98,061	29,56,161	58,100	2.00%
Additions to building	12,08,620	4,07,912		
Additions to cars	0	21,28,453		

The above figures show that while it is true that the school implemented the VI Pay Commission Report w.e.f. 01/08/2008, the school generated an additional revenue of Rs. 39,70,713 by hiking the fee in 2008-09 and the hike in real terms as reflected in its audited



275
accounts is of the order of 31.67%. As against this the additional expenditure incurred by the school in 2008-09 on salary on account of implementation of VI Pay Commission Report was only Rs. 20,20,272 which represents an increase of 21.50 % over the corresponding figure of the previous year. This resulted in an abnormal hike in cash profits of the school which went up by 76.52%. The school has also been diverting the revenues generated from fee in making additions to building and buying an expensive car. From 2007-08 to 2009-10 alone, the school invested a sum of Rs. 26,55,832 in construction of building and Rs. 21,28,453 in buying a new car. Since the school did not have adequate funds in reserve, having invested them in building and cars, there is no question of setting them aside for future contingencies and for any liabilities on account of gratuity or leave encashment. However, the need for the school to keep funds in reserve would be examined if, ultimately, the Committee comes to a conclusion that the excessive fee hike ought to be refunded.

While the fee hikes in 2009-10 and 2010-11 do not call for any interference, the Committee is of the view that the fee hike effected by the school in 2008-09, to the extent it resulted in additional revenue of **Rs. 19,50,441** which was more than the additional liability on account of increased salary, was not justified as it only filled the coffers of the school, which it subsequently utilised in buying an expensive car costing more than Rs. 20 lacs. However,



TRUE COPY

Secretary

notwithstanding this fact, the requirement of funds to be kept in reserve, equivalent to four months salary, comes to Rs. 31,85,852. The school spent a sum of Rs. 21,28,453 in buying an expensive car instead of keeping funds in reserve. So to this extent, the Committee would consider that the funds have been misutilised. The balance of Rs. 10,57,399, ought to be set aside for future contingencies. Therefore, the school ought to refund the remaining amount of Rs. 8,93,042, which the Committee has found to be accruing on account of unjustified fee hike, ought to be refunded along with interest @ 9% per annum.

As the development fee has already been taken into consideration in working out the above figures, the same having been treated as a revenue receipt, no separate recommendation is required to be made in respect thereof.

Recommendations:

In view of the foregoing discussion, the Committee is of the view that the school ought to refund a sum of Rs. 8,93,042 out of its fee for 2008-09 along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

Dr. R.K. Sharma
Member

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 20/01/2014



Bal Vidya Model School, Laxmi Park, Nangloi, Delhi - 110 041

277

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).
2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.
3. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school had implemented the recommendations of the sixth pay commission and had also increased

**TRUE COPY**

Page 1 of 7

Secretary

the fee in terms of the order of the Director of Education dated 11-02-2009. In this view of the matter the school was placed in category 'B'.

278
4. With a view to verify the returns, the Office of the Committee vide its notice dated 23-09-2013 required the school to appear on 15.10.2013 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire. The afore-said notice returned back in the Office of the Committee 'undelivered'. The Office of the Committee informed the Manager of the school on phone to appear on 06.11.2013 for the verifications of the financials of the school. On 06.11.2013, Shri B.S. Dabas, Manager and Shri S.K. Sharma, Part-time Accountant of the school attended the Office of the Committee along-with the records. They also presented following reply to the aforesaid questionnaire.

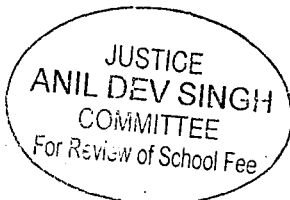
S.No.	Query	Reply
1.	Whether the school has implemented the recommendations of the 6 th Pay Commission.	Yes
2.	If the answer to question no.1 is in the affirmative, please provide the following information (separate sheets may be used):- i. With effect from which date is the increased salary to staff being paid? ii. Furnish the details of salary payment to staff, pre and post implementation, of the 6 th Pay Commission. iii. Furnish the details of payment of arrears of salary to staff consequent to implementation of the 6 th Pay	April 2009 <u>March, 2009</u> Rs.2,17,633/-, <u>April, 2009</u> Rs.2,88,315/-. Nil



TRUE COPY

Secretary

Commission.		
3.	Whether the school has increased the fee of the students consequent to implementation of the 6 th Pay Commission in terms of the Order No. F.DE./15(56)/ACT/2009/778 Dated 11.2.2009 of the Director of Education.	Yes
4.	If answer to question no.3 is in affirmative, please provide the following information (separate sheets may be used): i. With effect from which date was the fee increased? ii. Furnish the details of fee charged from the students class wise, indicating the number of students in each class, pre and post such increase. iii. Furnish the details of arrear fee charged from the students consequent to implementation of the 6 th Pay Commission.	April 2009 Details Attached Nil
5.	Whether the school is charging development fee	No
6.	If answer to the question no.5 is in affirmative, kindly provide the following information : - (i). Year-wise collection of development fee from 2006-07 to 2010-11 (ii). Year-wise utilization of development fee from 2006-07 to 2010-11. Please provide the amount of expenditure incurred under specific head, out of development fee. (iii). How development fee is treated in the accounts? i.e. whether it is treated as a revenue receipt or a capital receipt? (iv). Whether Separate Depreciation Reserve Fund is maintained for depreciation on assets required out of development fee (v). Whether Depreciation Reserve Fund and un-utilized development fund are kept in earmarked bank account, or FDRs or investments. If so, please provide the details thereof	N.A. N.A. N.A. N.A. N.A.



TRUE COPY

W
Secretary

5. It would appear from the reply to the questionnaire, that the school has implemented the recommendations of the 6th Pay Commission and has also hiked the fee.

6. The record produced by the school, in the first instance, was examined by Smt. Sunita Nautiyal, A.A.O. of the Committee. She observed to the effect that:-

- i. The school had implemented report of the 6th Pay Commission but the allowances are paid at nominal rates to the teachers.
- ii. The Fee structure for 2008-09 and 2009-10 have been checked with the Fee Statement and fee receipt books and found to be in agreement with the fee structure.
- iii. The school had hiked the fee in 2009-10 by Rs.100/- per month for classes I to V and by Rs.200/- per month for classes VI to VIII. In the year 2010-11 the fee had been hiked within the range of 10%.
- iv. The school had been collecting fee in cash and salary to the staff was paid both in cash and by cheques.
- v. The school had not deducted PF and TDS from the salary of the staff. The school had been allotted TAN in 2012-13.
- vi. The school had not charged development fee.

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

TRUE COPY

Page 4 of 7

W
Secretary

28 | 7. By notice dated 27.11.2013 the school was asked to appear on 13.12.2013 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school.

8. On the scheduled date 13.12.2013, Shri B.S. Dabas, Manager and Shri S.K. Sharma, Part-time Accountant appeared before the Committee. They submitted that the school has hiked the fee w.e.f. April, 2009, in terms of the order of the Director of Education dated 11.02.2009 but , the recommendations of the 6th Pay Commission had been nominally implemented w.e.f. April, 2009. Salaries to the staff had been paid in cash without deductiing PF and TDS. The school has been allotted TAN in 2013-14. The school has not charged development fee.

9. We have gone through the record, observations of the Audit Officer and submissions of the school representatives. The Audit Officer had checked the Fee Receipt Books and Fee Registers for the academic sessions 2008-09 to 2010-11 with the Fee Structures.

10. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during 2009-10 and 2010-11:



TRUE COPY


Secretary

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I to V	480	580	100	635	55
VI to VIII	530	730	200	800	70
IX	---	---	---	1000	Nil

11. From the above, it is manifest that the increase in fee for all classes during the years 2009-10 was in terms of the order of the Director of Education dated 11.02.2009. During 2010-11, the hike was within the range of 10%.

12. On the basis of the records of the school examined by the Committee and the submissions of its representatives, it can be stated that the school did not implement the 6th Pay Commission report. The increased salary is only being shown in the papers.

RECOMMENDATION

Re. Fee Hike

Since the school has utilised the order of the Director of Education dated 11.02.2009 for enhancing the tuition fee without implementing the recommendations of 6th Pay Commission, we are of the view that the increase in fee in excess of the tolerance limit of 10%, was unjustified. Therefore, the committee recommends that



TRUE COPY

[Signature]
Secretary

the fee hike effected by the school in 2009-10 in excess of 10% ought to be refunded along with interest @9% per annum.

283
Further, the fee hiked in 2009-10 is also part of the fee for the subsequent years, there would be a ripple effect in the subsequent years and the fee of the subsequent years to the extent, it is relatable to the fee hiked in 2009-10 ought also to be refunded along with interest @9% per annum.

Re. Development Fee.

The school has not charged development fee. Therefore no recommendation is made by the committee in respect of development fee.

Recommended accordingly.

Sd/-

**Justice Anil Dev Singh (Retd.)
Chairperson**

Sd/-

**J.S. Kochar
Member**

Sd/-

**Dr. R.K. Sharma
Member**

Dated:-22.01.2014

TRUE COPY



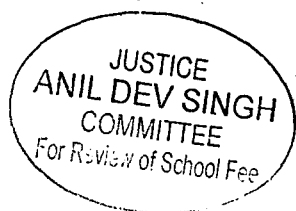
M
Secretary

284
Happy Cambridge School, Uttam Nagar, New Delhi-110059

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).

2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.

3. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school had implemented the recommendations of the sixth pay commission and had also increased

**TRUE COPY**

Secretary

the fee in terms of the order of the Director of Education dated 11-02-2009. In this view of the matter the school was placed in category 'B'.

4. With a view to verify the returns, the Office of the Committee vide its notice dated 23-09-2013 required the school to appear on 15.10.2013 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire. On 15.10.2013, Smt. Naresh Kumari, Manager and Shri Brijesh Gupta, C.A., attended the Office of the Committee along-with the records. They also presented following reply to the aforesaid questionnaire.

S.No.	Query	Reply
1.	Whether the school has implemented the recommendations of the 6 th Pay Commission.	Yes
2.	If the answer to question no.1 is in the affirmative, please provide the following information (separate sheets may be used):- i. With effect from which date is the increased salary to staff being paid? ii. Furnish the details of salary payment to staff, pre and post implementation, of the 6 th Pay Commission. iii. Furnish the details of payment of arrears of salary to staff consequent to implementation of the 6 th Pay Commission.	April 2009 Details Attached Nil
3.	Whether the school has increased the fee of the students consequent to implementation of the 6 th Pay Commission in terms of the Order No. F.DE./15(56)/ACT/2009/778 Dated 11.2.2009 of the Director of Education.	Partly increased



TRUE COPY


Secretary

286

4.	<p>If answer to question no.3 is in affirmative, please provide the following information (separate sheets may be used):</p> <p>i. With effect from which date was the fee increased?</p> <p>ii. Furnish the details of fee charged from the students class wise, indicating the number of students in each class, pre and post such increase.</p> <p>iii. Furnish the details of arrear fee charged from the students consequent to implementation of the 6th Pay Commission.</p>	<p>April 2009</p> <p>Details Attached</p> <p>Not charged</p>
5.	Whether the school is charging development fee	Yes
6.	<p>If answer to the question no.5 is in affirmative, kindly provide the following information :-</p> <p>(i). Year-wise collection of development fee from 2006-07 to 2010-11</p> <p>(ii). Year-wise utilization of development fee from 2006-07 to 2010-11. Please provide the amount of expenditure incurred under specific head, out of development fee</p> <p>(iii). How development fee is treated in the accounts? i.e. whether it is treated as a revenue receipt or a capital receipt?</p> <p>(iv). Whether Separate Depreciation Reserve Fund is maintained for depreciation on assets required out of development fee</p> <p>(v). Whether Depreciation Reserve Fund and un-utilized development fund are kept in earmarked bank account, or FDRs or investments. If so, please provide the details thereof</p>	<p>Details Attached</p> <p>Details Attached</p> <p>Revenue Receipt</p> <p>Yes</p> <p>No</p>



TRUE COPY

Secretary

287
5. It would appear from the reply to the questionnaire, that the school has implemented the recommendations of the 6th Pay Commission and has also hiked the fee.

6. The record produced by the school, in the first instance, was examined by Smt. Sunita Nautiyal, A.A.O. of the Committee. She observed to the effect that:-

- i. The school had implemented report of the 6th Pay Commission partially. The school has paid Basic Pay, Grade Pay and D.A. to the staff in accordance with the 6th Pay Commission.
- ii. The Fee structure for 2008-09 and 2009-10 have been checked with the Fee Statement and fee receipt books and found to be in agreement with the fee structure.
- iii. The school had hiked the fee in 2009-10 by Rs.100/- and there was no hike in 2010-11.
- iv. The school had been receiving fee in cash and salary to the staff was also paid in cash.
- v. The school had not collected arrear fee and arrear salary has also not paid to the staff.
- vi. The school was having a bank account in Allahabad Bank, Bindapur, but, there had been hardly any transaction during the years 2008-09 to 2010-11.



TRUE COPY

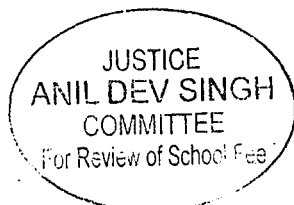
N
Secretary

vii. The school had not deducted PF and TDS from the salary of the staff and did not have TAN.

288
viii. The school had charged development fee at the time of new admissions.

7. By notice dated 27.11.2013 the school was asked to appear on 13.12.2013 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school.

8. On the scheduled date 13.12.2013, Smt. Shashi Bala, Secretary of the Managing Committee and Shri Brijesh Gupta, Accountant appeared before the Committee. They submitted that the school was paying only basic salary as per the recommendations of the 6th Pay Commission and hiked the fee in 2009-10 by Rs.100/- per month. The school had neither charged arrear fee nor had any arrear salary been paid to the staff. Salaries to the staff had been paid in cash without deductions of PF and TDS. The school did not have a TAN. The school has charged development fee and the same had been treated as revenue receipt without maintaining a separate development reserve fund.



TRUE COPY

W
Secretary

9. We have gone through the record, observations of the Audit Officer and submissions of the school representatives. The Audit Officer had checked the Fee Receipt Books and Fee Registers for the academic sessions 2008-09 to 2010-11 with the Fee Structures.

10. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during 2009-10 and 2010-11:

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I to V	500	600	100	600	Nil
VI to VIII	600	700	100	70	Nil

11. From the above, it is manifest that the increase in fee for all classes during the years 2009-10 was in terms of the order of the Director of Education dated 11.02.2009. During 2010-11, there was no fee hike.

12. On the basis of the records of the school examined by the Committee and the submissions of its representatives, the Committee has arrived at the conclusion that the school did not implement the 6th Pay Commission report. The increased salary is only being shown in the papers.

TRUE COPY



W
Secretary

RECOMMENDATION**Re. Fee Hike**

Since the school has utilised the order of the Director of Education dated 11.02.2009 for enhancing the tuition fee without implementing the recommendations of 6th Pay Commission, we are of the view that the increase in fee in excess of the tolerance limit of 10%, was unjustified. Therefore, the committee recommends that the fee hike effected by the school in 2009-10 in excess of 10% ought to be refunded along with interest @9% per annum.

Re. Development Fee.

The school has charged development fee in the following manner:-

<u>Year</u>	<u>Development Fee charged</u>
2006-07	Rs.69,600.00
2007-08	Rs.97,400.00
2008-09	Rs.1,81,200.00
2009-10	Rs.61,400.00
2010-11	Rs.66,000.00

TRUE COPY

W
Secretary



291
 As per the own submission of the school, the development fee was treated as a revenue receipt and no earmarked depreciation reserve fund was maintained. Therefore, in view of the Committee, the school was charging the same without complying with any of the pre-conditions prescribed by the Duggal Committee, which were affirmed by the Hon'ble Supreme Court in the case of Modern School Vs. Union of India & Ors. Since the Committee is examining the matter with reference to order dated 11.02.2009 of the Director of Education, the Committee is of the view that an amount of Rs.1,27,400.00, charged as development fee during 2009-10 and 2010-11 ought to be refunded along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

Justice Anil Dev Singh (Retd.)
 Chairperson

Sd/-

J.S. Kochar
 Member

Sd/-

Dr. R.K. Sharma
 Member

Dated:-22.01.2014

TRUE COPY



Secretary

292

M.B.D. Arya Model School, Suraj Vihar, New Delhi - 78

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).
2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.
3. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school had implemented the recommendations of the sixth pay commission and had also increased

**TRUE COPY**

Page 1 of 7

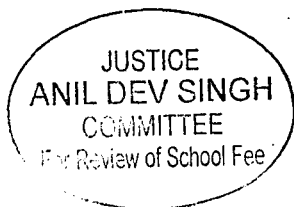
Secretary

the fee in terms of the order of the Director of Education dated 11-02-2009. In this view of the matter the school was placed in category 'B'.

293

4. With a view to verify the returns, the office of the committee vide its notice dated 23-09-2013 required the school to appear on 15.10.2013 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire. On 15.10.2013, Shri Arun Sharma, PET of the school attended the Office of the Committee along-with the records. He also presented following reply to the aforesaid questionnaire: -

S.No.	Query	Reply
1.	Whether the school has implemented the recommendations of the 6 th Pay Commission.	Yes
2.	If the answer to question no.1 is in the affirmative, please provide the following information (separate sheets may be used):- i. With effect from which date is the increased salary to staff being paid? ii. Furnish the details of salary payment to staff, pre and post implementation, of the 6 th Pay Commission. iii. Furnish the details of payment of arrears of salary to staff consequent to implementation of the 6 th Pay Commission.	04-05-2009 Pre- Rs.1,89,690/- Post- Rs.2,77,658/- No
3.	Whether the school has increased the fee of the students consequent to implementation of the 6 th Pay	Yes



TRUE COPY

Secretary

	Commission in terms of the Order No. F.DE./15(56)/ACT/2009/778 Dated 11.2.2009 of the Director of Education.	
294 4.	If answer to question no.3 is in affirmative, please provide the following information (separate sheets may be used): i. With effect from which date was the fee increased? ii. Furnish the details of fee charged from the students class wise, indicating the number of students in each class, pre and post such increase. iii. Furnish the details of arrear fee charged from the students consequent to implementation of the 6 th Pay Commission.	April 2009 Details Attached No
5.	Whether the school is charging development fee?	N.A.
6.	If answer to question no.5 is in affirmative, kindly provide the following information (separate sheets may be used): - (i). Year-wise collection of development fee from 2006-07 to 2010-11 (ii). Year-wise utilization of development fee from 2006-07 to 2010-11. Please provide the amount of expenditure incurred under specific heads, out of development fee. (iii). How development fee is treated in the accounts, i.e. whether it is treated as a revenue receipt or as a capital receipt. (iv). Whether separate depreciation reserve fund is maintained for depreciation on assets acquired out for development fee. (v). Whether depreciation reserve fund and un-utilized development fund are kept in earmarked bank account, or FDRs or investments. If yes, please provide details thereof.	N.A. N.A. N.A. N.A. N.A.

JUSTICE
ANIL DEV SINGH
COMMISSIONER
For Review of School Fee

TRUE COPY

Secretary

295
5. It would appear from the reply to the questionnaire, that the school has implemented the recommendations of the 6th Pay Commission and has also hiked the fee.

6. The record produced by the school, in the first instance, was examined by Sh. N.S. Batra, Audit Officer of the Committee. He observed to the effect that:-

- i. The school had partially implemented report of the 6th Pay Commission. The school has paid Basic Pay and Grade Pay in accordance with the 6th Pay Commission but H.R.A., and D.A. were only partially paid.
- ii. The Fee structure for 2008-09 and 2009-10 have been checked with the Fee Statement and fee receipt books and found to be in agreement with the fee structure.
- iii. The school has hiked the fee 2009-10 by Rs.100/- in terms of order of the Director of Education dated 11.02.2009, but there has been no hike fee during 2010-11.

7. By notice dated 27.11.2013 the school was asked to appear on 16.12.2013 along with entire accounting, fee and salary records for the



TRUE COPY


Secretary

296
years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school.

8. On the scheduled date 16.12.2013, Shri Arun Sharma, PET of the school appeared before the Committee. He submitted that the school had implemented the recommendations of the 6th Pay Commission partially and hiked the fee in 2009-10 in terms of the order of the Director of Education dated 11-02-2009. On query by the Committee, the representative of the school confirmed that the recommendations of the 6th Pay Commission have been implemented only on papers. It was also contended that the school did not charge development fee from the students. The salary records of the school were examined by the Committee with reference to the bank statements and it is observed that the payment had been made by bearer cheques and all of which were encashed on a single date.

9. We have gone through the record, observations of the Audit Officer and submissions of the school representatives. The Audit Officer had checked the Fee Receipt Books and Fee Registers for the academic sessions 2008-09 to and 2010-11 with the Fee Structures.



TRUE COPY


Secretary

10. The following chart, which is culled out from the record, would show the exact extent of hike in tuition fee during the academic sessions 2009-10 and 2010-11 :-

297

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I	340	440	100	440	Nil
II	350	450	100	450	Nil
III	360	460	100	460	Nil
IV	370	470	100	470	Nil
V	380	480	100	480	Nil
VI	390	490	100	490	Nil
VII	400	500	100	500	Nil
VIII	410	510	100	510	Nil

11. From the above, it is manifest that the increase in fee for all classes during the years 2009-10 was in terms of the order of the Director of Education dated 11.02.2009. During 2010-11, the school has not hiked the fee.

12. On the basis of the records of the school examined by the Committee and the submissions of its representatives, it can be said that the school did not implement the 6th Pay Commission report. The increased salary is only being shown in the papers.



TRUE COPY

W
Secretary

RECOMMENDATION**Re. Fee Hike**

298
 Since the school has utilised the order of the Director of Education dated 11.02.2009 for enhancing the tuition fee without implementing the recommendations of 6th Pay Commission, we are of the view that the increase in fee in excess of the tolerance limit of 10%, was unjustified. Therefore, the Committee recommends that the fee hike effected by the school in 2009-10 in excess of 10% ought to be refunded along with interest @9% per annum.

Re. Development Fee.

The school has not charged development fee. This being so, no recommendations in this regard is required to be made.

Sd/-

**Justice Anil Dev Singh (Retd.)
 Chairperson**

Sd/-

**J.S. Kochar
 Member**

Sd/-

**Dr. R.K. Sharma
 Member**

Dated: 21.01.2014

**TRUE COPY**

[Signature]
 Secretary

299

Bhardwaj Model School, Nihal Vihar, Delhi - 110 041

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).
2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.
3. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school had implemented the recommendations of the sixth pay commission and had also increased the fee in terms of the order of the Director of Education dated 11-02-2009. In this view of the matter the school was placed in category 'B'.

**TRUE COPY**

Page 1 of 7

Secretary

380

4. With a view to verify the returns, the office of the committee vide its notice dated 24-07-2013 required the school to appear on 23.08.2013 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire. On 23.08.2013, Shri Sanjay Bhardwaj, Manager and Shri Shushil, Office Assistant attended the Office of the Committee. He also presented following reply to the aforesaid questionnaire.

S.No.	Query	Reply
1.	Whether the school has implemented the recommendations of the 6 th Pay Commission.	Yes
2.	If the answer to question no.1 is in the affirmative, please provide the following information (separate sheets may be used):- i. With effect from which date is the increased salary to staff being paid? ii. Furnish the details of salary payment to staff, pre and post implementation, of the 6 th Pay Commission. iii. Furnish the details of payment of arrears of salary to staff consequent to implementation of the 6 th Pay Commission.	April 2009 Payment not mentioned Nil
3.	Whether the school has increased the fee of the students consequent to implementation of the 6 th Pay Commission in terms of the Order No. F.DE./15(56)/ACT/2009/778 Dated 11.2.2009 of the Director of Education.	Yes
4.	If answer to question no.3 is in affirmative, please provide the following information (separate sheets may be used): i. With effect from which date was the fee increased?	April 2009



TRUE COPY

N
Secretary

	ii. Furnish the details of fee charged from the students class wise, indicating the number of students in each class, pre and post such increase. iii. Furnish the details of arrear fee charged from the students consequent to implementation of the 6 th Pay Commission.	Details Not mentioned Nil
5.	Whether the school is charging development fee?	No
6.	If answer to question no.5 is in affirmative, kindly provide the following information (separate sheets may be used): - (i). Year-wise collection of development fee from 2006-07 to 2010-11 (ii). Year-wise utilization of development fee from 2006-07 to 2010-11. Please provide the amount of expenditure incurred under specific heads, out of development fee. (iii). How development fee is treated in the accounts, i.e. whether it is treated as a revenue receipt or as a capital receipt. (iv). Whether separate depreciation reserve fund is maintained for depreciation on assets acquired out for development fee. (v). Whether depreciation reserve fund and un-utilized development fund are kept in earmarked bank account, or FDRs or investments. If yes, please provide details thereof.	N.A. N.A. N.A. N.A. N.A.

5. It would appear from the reply to the questionnaire, that the school has implemented the recommendations of the 6th Pay Commission and has also hiked the fee.



TRUE COPY

JK
Secretary

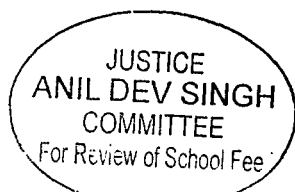
302

6. The record produced by the school, in the first instance, was examined by Sh. A.D. Bhateja, Audit Officer of the Committee. He observed to the effect that:-

- (i). The school had implemented report of the 6th Pay Commission, but D.A., has been paid @ 27%. The salary to the staff has been paid in cash up-to February, 2010 and, thereafter, by individual account payee cheque / bank transfer.
- (ii). The school has never deducted TDS and PF. Therefore, no returns have been filed up-to the year 2011-12.
- (iii). The Fee structure for 2008-09 and 2009-10 have been checked with the Fee Statement and fee receipt books and found to be in agreement with the fee structure.
- (iv). The school has hiked the fee in the year 2009-10 by Rs.200/- in terms of the order of the Director of Education dated 11.02.2009. There was no hike in fee in 2010-11.

7. By notice dated 27.11.2013 the school was asked to appear on 16.12.2013 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school.

8. On the scheduled date 16.12.2013, Shri Sanjay Bhardwaj, Manager, Shri Shushil Kumar, Clerk and Shri O.P. Sharma, Advisor of the school appeared before the Committee. They submitted that the



TRUE COPY

Page 4 of 7

W
Secretary

303
 school had implemented the recommendations of the 6th Pay Commission w.e.f. 01-04-2009 and hiked the fee in 2009-10 in terms of the order of the Director of Education dated 11.02.2009. It was also contended that the school had charged development fee during 2009-10 only, which has been treated as revenue receipt and no separate depreciation reserve fund or development fund has been created.

9. The salary records of the school were examined by the Committee. On query by the Committee, the representatives of the school stated that all the staff are paid salaries by bearer cheques.

10. We have gone through the record, observations of the Audit Officer and submissions of the school representatives. The Audit Officer had checked the Fee Receipt Books and Fee Registers for the academic sessions 2008-09 to and 2010-11 with the Fee Structures.

11. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during the academic sessions 2009-10 and 2010-11: -

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I to V	560	760	200	760	Nil
VI to VIII	575	775	200	775	Nil

JUSTICE
 ANIL DEV SINGH
 COMMITTEE
 For Review of School Fee

TRUE COPY

W
 Secretary

304
12. From the above, it is manifest that the increase in fee for all classes during the years 2009-10 was in terms of the order of the Director of Education dated 11.02.2009. However, during 2010-11, there was no hike in fee.

13. On the basis of the records of the school examined by the Committee and the submissions of its representatives, it can be stated that the school did not implement the 6th Pay Commission report. The increased salary is only being shown in the papers.

RECOMMENDATION

Re. Fee Hike

Since the school has utilised the order of the Director of Education dated 11.02.2009 for enhancing the tuition fee without implementing the recommendations of 6th Pay Commission, we are of the view that the increase in fee in excess of the tolerance limit of 10%, was unjustified. Therefore, the Committee recommends that the fee hike effected by the school in 2009-10 in excess of 10% ought to be refunded along with interest @9% per annum.

TRUE COPY



W
Secretary

Re. Development Fee.

305
The school has charged development fee in 2009-10 at the rate of Rs.114/- per student per annum.

As per record of the school, the development fee was treated as a revenue receipt and no earmarked depreciation reserve fund was maintained. Therefore, in view of the Committee, the school was charging the same without complying with any of the pre-conditions prescribed by the Duggal Committee, which were affirmed by the Hon'ble Supreme Court in the case of Modern School Vs. Union of India &Ors. Since the Committee is examining the matter with reference to the order dated 11.02.2009 of the Director of Education, the Committee is of the view that the fee charged at the rate of Rs.114/- per annum per student during 2009-10 ought to be refunded along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

J.S. Kochar
Member

Sd/-

Dr. R.K. Sharma
Member

Dated:-21.01.2014

TRUE COPY


Secretary



B-278B-283B-281

- 306
1. Siddharth International Public School, East of Loni Road, Delhi-110093
 2. Siddharth International Public School, Dilshad Garden, Delhi-110095
 3. M.B.M. International School, Ashok Nagar, Delhi-110093

The Committee considers it appropriate to make common recommendations in respect of these three schools for the following reasons:

- (1) All the three schools are run by Ravi Bharti Shiksha Samiti, Delhi.
- (2) The records of all the three schools are reported to have been burnt in a fire that allegedly took place in the premises of Siddharth International Public School, East of Loni Road, Delhi, where they were kept, as per the school.

The factual matrix with regard to these three schools is noticed below:

Siddharth International Public School, East of Loni Road, Delhi-110093

In response to the questionnaire dated 27/02/2012 issued by the Committee, which was followed by a reminder dated 27/03/2012,



TRUE COPY

1

N
Secretary

307
the school initially did not submit its reply. However, it appears that subsequently the issue was taken up by the Education Officer, Zone-VI of the Directorate of Education on being prompted by the Committee. The school vide its letter dated 12/10/2012 submitted its reply to the Dy. Director of Education, North East District which was forwarded to this Committee.

In the reply, the school claimed to have implemented the VI Pay Commission Report w.e.f. 01/04/2009. However, no details of salary paid by the school, before its implementation or after its implementation were submitted as the school claimed that the records were destroyed in a fire in its premises on 03/05/2011. It was further mentioned that no arrears were paid to the staff as no arrear fee was charged by the school.

With regard to regular fee hike, it was stated that the school had hiked the fee w.e.f. 01/04/2009 as per the order dated 11/02/2009 issued by the Director of Education. Details of fee charged in 2008-09 and 2009-10 were stated to have been furnished as part of its annual returns. On perusal of the fee schedules for the two years, the Committee observed that the school had increased the tuition fee by Rs. 200 per month for pre school, Rs. 300 per month for classes pre primary to VIII and Rs. 400 per month for classes IX & X. For classes XI & XII, the fee was increased by Rs. 400 per month for arts & commerce stream and by Rs. 500 per month for science stream. Based on this reply, the school was placed in Category 'B'.



2

TRUE COPY

N
Secretary

308

In order to verify the averments made by the school in its reply to the questionnaire, the Committee issued a letter dated 03/07/2013, requiring the school to produce its records on 17/07/2013, for verification. A questionnaire specifically regarding the collection and utilisation of development fee as well as maintenance of depreciation reserve fund and development fund, was also issued to the school.

On the aforesaid date, Sh. Pankaj Goswami, a representative of the school appeared and filed a letter dated 17/07/2013 along with reply to the questionnaire regarding development fee, wherein it was stated that although the school was charging development fee, the details of its receipts and utilisation during the last five years could not be furnished on account of the fire in the school premises. For the same reason, none of the records which the school was required to produce vide the Committee's letter dated 03/07/2013, was produced. The audit officer of the Committee noted these facts and put up a note on the basis of the reply to the questionnaire submitted by the school.

In order to provide an opportunity of hearing to the school, the Committee issued notice dated 27/01/2014 for hearing on 17/02/2014. On this date, Sh. Pankaj Goswami, authorized representative appeared before the Committee along with Sh. Rakesh Giri, M.C. Member. They filed a letter dated 17/02/2014, again expressing their inability to produce the records as they were



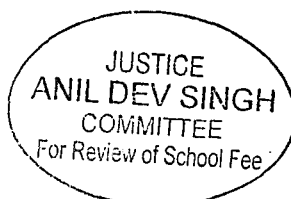
3

TRUE COPY

Secretary

309

reportedly destroyed in the fire at the school premises on 03/05/2011. at 10.00 p.m. They also filed a copy of FIR registered with Jyoti Nagar Police Station on 16/05/2011. However, they reiterated that the school had implemented the VI Pay Commission Report w.e.f. 01/04/2009 and claimed that salaries were paid by cheques. The representatives of the school were asked to produce the bank statements of the school from 01/04/2008 to 31/03/2011 as duplicate copies of the same could be obtained from the bank. The hearing was adjourned to 21/02/2014 for this purpose. On this date, Sh. Abhishek Gupta and Sh. Pankaj, appeared with authority letter from the Principal. They produced the bank statements of the school. On examination of the bank statements, the claim of the school of having implemented the VI Pay Commission Report w.e.f. 01/04/2009 was found to be not substantiated. Till August 2009, the salary cheques appeared to have been paid at the old rates i.e. pre revised rates. From September 2009, cheques for enhanced salary appeared to have been issued. However, it could not be verified that all the staff members who were being paid salary at the old rates, were being paid salary at the enhanced rates. On a query by the Committee, the representatives of the school stated that they had filed an insurance claim for the loss that occurred on account of fire but the claim has not been sanctioned and a case was pending in the Court regarding the same. The school was advised to file copies of the pleadings in the case pending in the court.



4

TRUE COPY

Secretary

310

Siddharth International Public School, Dilshad Garden, Delhi-110095

The school did not file any reply to the questionnaire dated 27/02/2012 issued by the Committee, which was followed by a reminder dated 27/03/2012. It appears that subsequently the issue was taken up by the Education Officer, Zone-VI of the Directorate of Education on being prompted by the Committee. The school vide its letter dated 15/10/2012 submitted its reply to the Dy. Director of Education, North East District. However, the school avoided giving full reply to the questionnaire. It merely stated that arrear fee was not charged by the school and so the arrear salary was not paid to the staff. Besides, it submitted copy of its pay bill for July 2009. However, it claimed to have furnished the details of fee and salary, for pre implementation period and post implementation period to the Dy. Director of Education under cover of its letter dated 01/02/2012. On examination of the annual returns received by the Committee from the district office of the Directorate of Education, the following position emerges with regard to the charging of tuition fee in 2008-09 and 2009-10:

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School

TRUE COPY

Secretary

Class	Fee in 2008-09 (Rs.)	Fee in 2009-10 (Rs.)	Increase in 2009-10 (Rs.)	Percentage increase
Pre school	730	930	200	27.39%
Pre primary	730	930	200	27.39%
I to V	665	865	200	30.07%
VI to VIII	730	930	200	27.39%

311

So far as implementation of VI Pay Commission is concerned, the school avoided giving a direct reply. However on perusal of the copies of pay bill registers for the months of July 2008 and July 2009, which were submitted to the Directorate of Education, it appeared that the school had implemented the VI Pay Commission report. Accordingly, the school was placed in Category 'B'.

In order to verify the annual returns of the school, the Committee issued a letter dated 26/08/2013, requiring the school to produce its records on 20/09/2013, for verification. A detailed questionnaire was also issued to the school as it had not responded fully to the earlier questionnaire issued by the Committee. This questionnaire also sought information regarding the collection and utilisation of development fee as well as maintenance of depreciation reserve fund and development fund.

On the aforesaid date, Sh. Pankaj Goswami, Accountant of the school appeared and filed a letter dated 18/09/2013, which also contained reply to the questionnaire issued by the Committee. In the aforesaid letter, surprisingly the school claimed that copies of annual

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

312
returns from 2008-09 to 2010-11, copies of fee structures from 2008-09 to 2010-11, could not be produced as they were reportedly destroyed on account of a fire in the office of the society (said to be located in the premises of its sister school situated at East of Loni Road) on 03/05/2011, for which an FIR was filed on 16/05/2011. Significantly, this fire did not take place in the school premises but in the premises of a sister school located at East of Loni Road. For the same purported reason, fee receipts from 2008-09 to 2010-11, cash books, ledgers, bank statements, salary payment registers, provident fund returns and TDS returns were also not produced. The audit officer of the Committee noted these facts and put up a note on the basis of the reply to the questionnaire submitted by the school.

In reply to the questionnaire, the school stated that it had increased the salary payable to the staff on account of implementation of recommendations of VI Pay Commission w.e.f. 01/04/2009. **The arrears were neither collected nor paid.** With regard to hike in fee, it was stated that the fee was not increased consequent to implementation of VI Pay Commission and only 10% hike in fee was effected. The school had been charging development fee since 2007-08 which was treated as a capital receipt. Further depreciation reserve fund was being maintained but was not invested in earmarked securities or bank account.

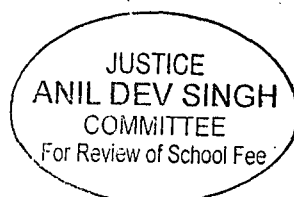
In order to provide an opportunity of hearing to the school, the Committee issued notice dated 27/01/2014 for hearing on

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

313
 21/02/2014. On this date, Sh. Pawan Sharma and Sh. Pankaj authorized representatives of the school, appeared before the Committee. During the course of hearing, they changed their stand with regard to implementation of VI Pay Commission report. They now contended that it was implemented w.e.f. 01/07/2009 as against the earlier stand of the school that it was implemented w.e.f. 01/04/2009. Again they expressed their inability to produce the records as they were reportedly destroyed in the fire on 03/05/2011. They, however produced copies of the bank statements of the school which did not reflect any salary payments. When confronted, they conceded that salary was paid in cash even after implementation of VI Pay Commission report.

The Committee is of the view that atleast so far as this school is concerned, the loss of records on account of a fire that took place in the premises of another school is a cock and bull story put up by the school in order to avoid scrutiny by the Committee. **The copies of annual returns from 2008-09 to 2010-11, copies of fee structures from 2008-09 to 2010-11, which the school claimed in its letter dated 18/09/2013 to have been destroyed in the fire that took place on 03/05/2011 were filed by the school with the Dy. Director of Education, District North East under cover of its letter dated 01/02/2012.**

Further there are inconsistencies in the stands taken by the school at various times during the course of verification and hearing.



314 The school has all along claimed that it did not recover any arrear fee from the students, however while submitting its documents to the Dy. Director of Education, District North East under cover of its letter dated 01/02/2012, the school enclosed a copy of the circular dated 24/03/2009 issued to the parents, demanding arrears of fee both for the periods 01/01/2006 to 31/08/2008 and 01/09/2008 to 31/03/2009. Not just the arrears of tuition fee, the arrears of development fee for 7 months from 01/09/2008 to 31/03/2009 were also demanded.

Again a copy of paybill for the month of July 2009 (paid in August 2009) was filed by the school under cover of the same letter. This indicated that the salary was paid by cheques as cheque numbers were mentioned against the salary payments to each employee. However, during the course of hearing, the representative of the school conceded that the salary was paid in cash. It is apparent that the school has produced fabricated documents before this Committee and has intentionally avoided production of its fee and salary records to avoid scrutiny by the Committee.

M.B.M. International School, Ashok Nagar, Delhi-110093

The school did not file any reply to the questionnaire dated 27/02/2012 issued by the Committee, which was followed by a reminder dated 27/03/2012. However, the Dy. Director of Education, District North East addressed a letter to the school requiring it to submit copies of the returns under Rule 180 of Delhi School

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

9

TRUE COPY

Secretary

315
Education Rules, 1973 from 2006-07 to 2010-11, copies of fee statements filed by the school under section 17(3) of Delhi School Education Act, 1973, complete detail of salary paid to the staff before implementation of VI Pay Commission Report and after its implementation, statement indicating the fee hike effected by the school for the purpose of implementation of VI Pay Commission Report and details of arrear fee recovered by the school and copy of the circular issued to the parents, demanding increased fee and/or arrear fee. The school under cover of its letter dated 10/02/2012 submitted some of the documents which were required as per the aforesaid letter of the Dy. Director. These were forwarded to the Committee by Dy. Director of Education. **Significantly, the school did not file copy of the circular issued to the parents for hike in fee consequent to order dated 11/02/2009 issued by the Director of Education.**

On examination of the documents forwarded by the Dy. Director of Education, it was observed that the school had neither stated categorically whether it had implemented the VI Pay Commission Report nor had submitted the copy of circular demanding increased fee/arrear fee.

The matter regarding non submission of reply to the questionnaire by the school was taken up with the officials of Directorate of Education, who took up the matter with the school. Subsequently, the school, vide its letter dated 13/10/2012, submitted



10

TRUE COPY

Secretary

316
 its reply to the questionnaire, stating that it had implemented the recommendations of the VI Pay Commission and the increased salary was paid in the financial year 2009-10. However with regard to payment of arrear of salary, the school stated that the same were not paid as the school had not collected the arrear fee from the students. The school also submitted that it had increased the fee pursuant to order dated 11/02/2009 issued by the Director of Education w.e.f. 01/04/2009 and also submitted fee statements for the year 2006-07 to 2010-11. On examination of fee schedules for the years 2008-09 and 2009-10, the following position emerged:

Class	Tuition Fee in 2008-09 (Rs.)	Tuition Fee in 2009-10 (Rs.)	Increase in 2009-10 (Rs.)	Percentage increase
I to V	460	560	100	21.74%
VI to VIII	525	725	200	38.09%

Accordingly, the school was placed in category 'B'.

In order to verify the annual returns of the school and the factum of implementation of VI Pay Commission Report, the Committee issued a letter dated 03/07/2013, requiring the school to produce its records on 17/07/2013, for verification. A questionnaire was also issued to the school eliciting information regarding the collection and utilisation of development fee as well as maintenance of depreciation reserve fund and development fund.

On the scheduled date, Sh. Pankaj Goswami, a clerk of the school who was authorized by the Manager, appeared and produced



317
some of the records which were required to be produced. He filed a letter dated 17/07/2013 signed by the Manager, vide which it was stated that the following records were not being produced on account of a fire in the temporary office of its CA situated at Siddarth International Public School, Loni:

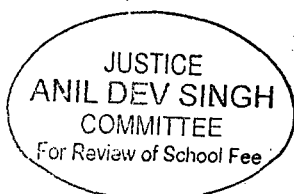
- (a) Fee receipt books
- (b) Cash books and ledgers
- (c) Bank statements
- (d) Provident fund and TDS returns.

However, the following records were produced:

- (a) Annual returns from 2008-09 to 2010-11
- (b) Fee structures from 2008-09 to 2010-11
- (c) Salary sheets from 2008-09 to 2010-11

The records produced were examined by Sh. A.D. Bhateja, audit officer of the Committee and he observed that:

- (a) In the fee structures filed by the school with the Directorate of Education, the fee of classes pre school and pre primary were not mentioned.
- (b) On examination of salary registers, salary was not found to be paid in accordance with government rules both for pre and post implementation periods, as claimed .
- (c) The salary was paid in cash although the school had two bank accounts.



The authorized representative of the school. Sh. Pankaj Goswami, endorsed the aforesaid observations by recording on the order sheet as follows:

318
"I agree with the above observations which are as per school record."

In order to provide an opportunity of being heard, the Committee issued a notice dated 27/01/2014 for hearing on 17/02/2014. On the date of hearing, Sh. Pankaj Goswami appeared and contended that VI Pay Commission report had been implemented w.e.f. 01/07/2009. However, he did not produce any books of accounts, other than fee registers and salary registers contending that they were destroyed in the fire in the temporary office of the CA which was located in the premises of Siddarth International Public School, East of Loni Road. The representative of the school was asked to produce the bank statements of the school from 01/04/2008 to 31/03/2011 and for this purpose, the hearing was adjourned to 21/02/2014.

On the aforesaid date, Sh. Rakesh Giri, a teacher of the school appeared with Sh. Pankaj Goswami, clerk. They produced the bank pass books. On examination of the same, the Committee found that there were hardly any entries relating to salary payments. When confronted, the representatives of the school conceded that the salary was paid in cash ever after purported implementation of the VI Pay Commission report. Significantly, copies of salary statements for the

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

13 TRUE COPY

W
Secretary

219
month of June 2009 and July 2009, which were retained by the audit officer while verifying the records of the school, showed the cheque numbers vide which the salary was paid. The school also filed reply to the questionnaire regarding development fee in which it merely stated that it was charging development fee which was treated as a capital receipt but provided no information regarding the quantum of fee charged or the manner of its utilisation proffering the reason of destruction of records.

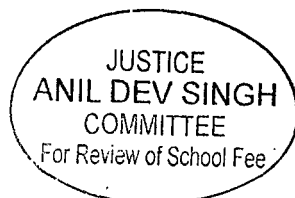
Discussion:

As the story put forth by the school regarding the destruction of records of all the three schools in the fire which took place at the premises of one of these schools appeared to be fishy, the Committee required the representatives of the school to produce before it the records relating to the case pending before the Court regarding its insurance claim. The schools vide identical letters dated 25/02/2014 filed the pleadings and affidavits in evidence in the case. Lest it prejudices the case of the school, the Committee refrains from commenting upon the merits of the claim of the school regarding the fire that took place on 03/05/2011 at the premises of Siddarth International Public School, East of Loni Road. Suffice it to note that in the final survey report dated 21/06/2011 filed by Sh. D.K. Taneja, a Surveyor appointed by the Insurance Company i.e. Universal Sompo General Insurance Company Ltd., he reported that the school failed to substantiate its claim by producing the burnt goods and evidence of

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

320
their purchase. Further, the school had reportedly disposed off the burnt assets before the arrival of the surveyor although the survey was conducted on the next day of the intimation of the fire to the insurance company. He further observed that no opportunity was granted to physically verify the damaged property including building and contents. He further observed that he could not locate the building for which the damage was claimed by the school as the building was reported to be a temporary structure of wooden material which allegedly got completely burnt in the fire. The temporary structure, as reported to the surveyor, contained furniture, stationery and other contents such as TVs, computers, printers etc. The fire was reported to have taken place on 03/05/2011 at 10.00 p.m. The surveyor inspected the premises on 05/05/2011 alongwith a representative of the insurance company and by the time of their visit, the insured (school) had already removed the alleged debris of the building reportedly constructed of plywood and also the contents. He found that white wash had also been done inside the office of the building. According to him, since the salvage had been disposed off, it was not possible to verify the damage to the building. The insured gave the following list of the contents of the building which got burnt in the fire which is as follows:

- 15 no. AC 1.5 ton capacity
- 15 no. Computers with UPS
- 10 no. printers



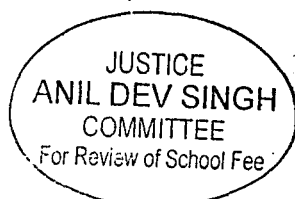
TRUE COPY

Secretary

- 321
- 15 no. CCT camera
 - 10 no. TVs
 - 05 no. Fridge
 - 15 no. Exhaust fans
 - 15 no. fans and 45 no. tube lights
 - 30 no. Almirahas
 - 1 no. large photocopy machine
 - 2 no. water cooler
 - 100 no. office chairs
 - 15 no. office table
 - 15 pairs office sofa sets
 - Carpet, Stationery
 - All documents(in original), Bank Cheque books, pass books and other valuable documents
 - Fire safety apparatus.

From the aforesaid factual narration and discussion, the following facts emerge:

- (1) The fire reportedly took place on 03/05/2011 at 10.00 p.m. at the premises of Siddarth International Public School, East of Loni Road, Delhi, which fact, as is apparent from the report of the surveyor, is not accepted by the insurance company and a case is pending before the State Consumer Dispute Redressal Commission.



TRUE COPY

Secretary

(2) The FIR regarding fire was registered by the police station, Jyoti Nagar on 16/05/2011.

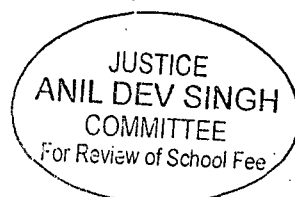
322
While it may or may not be true that the records of Siddharth International Public School, East of Loni Road got burnt in the fire, the other two schools i.e. Siddharth International Public School, Dilshad Garden and M.B.M. International School, Ashok Nagar, are merely using the fire in another school as an alibi to avoid producing the records before the Committee so as to obviate their scrutiny.

Determinations:

1. Siddharth International Public School, East of Loni Road, Delhi-110093

In the absence of the records of the school, the Committee can only analyse the position based on the audited financials of the school which were submitted by the school to the Dy. Director of Education, District North East under cover of its letter dated 27/01/2012. Since, the school claims neither to have recovered any arrear fee nor paid any arrear salary consequent to implementation of VI Pay Commission Report, the figures of fee and salary, as reflected in the Income & Expenditure Accounts of the school, would represent the fee and salaries for the relevant years only. The position, in so far as it emerges from its audited Income & Expenditure Accounts is as follows:

TRUE COPY



Particulars	2008-09 (Rs.)	2009-10 (Rs.)	Increase in 2009-10 (Rs.)
Fees	1,60,27,288	2,46,08,747	
Examination fees	6,63,460	8,81,005	
Total Fee	1,66,90,748	2,54,89,752	87,99,004
Salary	84,59,828	1,44,06,817	
Provident Fund	4,66,302	4,13,368	
Total salary	89,26,130	1,48,20,185	58,94,055
Additional revenue generated by fee hike in 2009-10			29,04,909

323

It is evident from the above table that the school hiked more fee than was required to offset the impact of increased salary on account of implementation of the VI Pay Commission Report, which is claimed to have been implemented w.e.f. 01/07/2009. The school generated an additional revenue by way of fee hike in 2009-10 on the pretext of implementation of VI Pay Commission report to the tune of Rs. 29,04,909 which the school ought to refund along with interest @ 9% per annum.

In so far as development fee is concerned, since the school was admittedly charging development fee, the onus is on the school to establish that the same was being charged in accordance with the recommendations of the Duggal Committee which were upheld by the Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583 and the required pre conditions regarding maintenance of earmarked development fund account and depreciation reserve fund account were being fulfilled. As the school has failed to discharge its onus, the Committee is of the view that the

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

TRUE COPY

18

N
Secretary

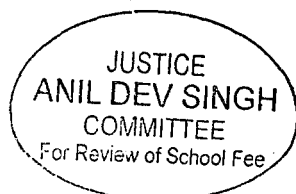
development fee charged by the school in 2009-10 and 2010-11, ought to be refunded along with interest @ 9% per annum.

2. Siddharth International Public School, Dilshad Garden, Delhi-110095

324
In the opinion of the Committee, the school is only using the reported fire in the premises of Siddharth International Public School, East of Loni Road, as an alibi to avoid scrutiny of its records by the Committee. When questioned about the rationale of keeping the records of the school in the premises of another school, the representatives of the school gave another alibi that the office of the Society running the school was situated in the other school and that is why its records were kept in the school. The credibility of the explanation given by this school is also hit on account of the following factors:

- (a) In reply to the questionnaire issued by the Committee, the school stated that it had not recovered any arrears of fee as envisaged in the order dated 11/02/2009 issued by the Director of Education. However, from a copy of the circular dated 24/03/2009 issued to the parents, the school demanded arrears of fee both for the periods 01/01/2006 to 31/08/2008 and 01/09/2008 to 31/03/2009. Not just the arrears of tuition fee, the school also demanded arrears of development fee from 01/09/2008 to 31/03/2009.

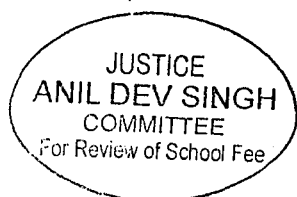
TRUE COPY



325 (b) The school, initially in its reply to the questionnaire, stated that it had implemented the VI Pay Commission report w.e.f. 01/04/2009 but during the course of hearing by the Committee, it changed its stand and contended that it was implemented w.e.f. 01/07/2009. Further, the school conceded that even after implementation of VI Pay Commission report, the salary was paid in cash when earlier, it claimed that it was paid by cheques and had avoided producing the bank statements on account of their purported destruction in the fire. The school even mentioned the cheque numbers in the salary sheets, giving the impression that the salary was paid by cheques.

(c) The school did not produce the copies of its annual returns, fee structures, when it was required to produce them for verification on the ground of their purported destruction in the fire that took place 03/05/2011. However, these very documents were filed by the school on 01/02/2012 with the Dy. Director of Education, District North East.

(d) Even the audited financials of the school inspire no confidence. In 2009-10, the expenditure on salary was Rs. 17,71,057 while the total expenditure of the school was Rs. 71,43,044. That is to say that the expenditure on salary was just 24.79 % of the total expenditure. Further as on 31/03/2009, the school held a large sum of Rs. 9,90,000 as cash in hand as against a balance of Rs. 11,138 merely in its



bank account. In 2010-11, the expenditure on salary shot up to Rs. 60,11,932 while the total expenditure of the school was Rs. 1,08,92,436. The ratio of expenditure of salary to total expenditure in this year was 55.19%. Obviously, the audited financials do not reflect the correct picture.

326
In the above premises, the Committee is of the view that this is a fit case for a special inspection to be conducted by the Director of Education to unearth the real state of affairs of this school.

3. M.B.M. International School, Ashok Nagar, Delhi-110093

In the opinion of the Committee, the school is only using the reported fire in the premises of Siddarth International Public School, East of Loni Road, as an alibi to avoid scrutiny of its records by the Committee. When questioned about the rationale of keeping the records of the school in the premises of another school, the representatives of the school gave another alibi that the office of the Chartered Accountant who was responsible for preparation of the accounts of the school was also situated in the temporary building of the other school which got burnt in fire. The records were lying with the Chartered Accountant. The explanation given by the school seems to be hollow and is incredible. One school claims that its records were kept in the temporary structure that got burnt. The second school claims that the same temporary structure was also used by the Society running the school and its records were kept with the Society and hence got burnt. The third school claims that that



327
very temporary structure which got burnt was also used by the Chartered Accountant of that school as his office and the records were kept with the Chartered Accountant and hence got burnt. Clearly, the fire that reportedly took place in the premises of one school came as a convenient alibi for the other two schools to avoid producing the records before the Committee for its scrutiny. Further, the school conceded that even after implementation of VI Pay Commission report, the salary was paid in cash while earlier the school had salary sheets containing the cheque numbers, giving the impression that the salary was paid by cheques. The concession came only when the school was directed to produce its pass books as the same could be obtained from the bank even if the original ones had been destroyed in the fire.

In the above premises, the Committee is of the view that this is a fit case for a special inspection to be conducted by the Director of Education to unearth the real state of affairs of this school.

Recommendations:

In view of the above discussion and determinations. the Committee recommends as follows:

- (1) **B-278 Siddharth International Public School, East of Loni Road, Delhi-110093**

The school ought to refund a sum of Rs. 29,04,909, which in any case, the school recovered in excess of its requirements for prospective implementation of the VI Pay Commission Report.

TRUE COPY



328
The Committee has consciously not taken into account the amount to be set aside for future contingencies due to the fact that the school admittedly did not pay any arrears and in view of the Committee, the requirement for setting aside funds for future contingencies can only be considered if the school had funds of its own out of which it was required to pay the arrears. The school admittedly implemented the VI Pay Commission report prospectively (a fact which cannot be vouched by the Committee). The aforesaid sum of Rs. 29,04,909 ought to be refunded along with interest @ 9% per annum from the date of its collection to the date of refund.

Further, the school ought to refund the development fee charged from the students in 2009-10 and 2010-11, in toto, along with interest @ 9% per annum from the date of its collection to the date of refund.

(2) B-283 Siddharth International Public School, Dilshad Garden, Delhi-110095

The Director of Education ought to conduct special inspection of the school to unearth its real state of affairs.



TRUE COPY

M
Secretary

(3) B-281 M.B.M. International School, Ashok Nagar, Delhi-110093

The Director of Education ought to conduct special inspection of the school to unearth its real state of affairs.

Recommended accordingly.

328
Sd/-

CA J.S. Kochar-
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson


Sd/-

Dr. R.K. Sharma
Member

Dated: 22/04/2014



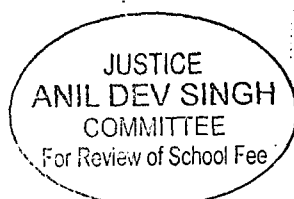
TRUE COPY


Secretary

Mother Khazani Convent School, Village Mungeshpur, Delhi-
110039

330
The school had not replied to the questionnaire dated 27/02/2012 issued by the Committee, which was followed by a reminder dated 27/03/2012. However, the annual returns filed by the school under Rule 180 of Delhi School Education Rules, 1973 were received from the office of the Dy. Director of Education, North West-A district. On prima facie examination of these returns, it appeared that the school had hiked the fee in terms of order dated 11/02/2009 issued by the Director of Education and also implemented the VI Pay Commission report. Accordingly, the school was provisionally placed in Category 'B'.

In order to verify the correctness of the aforesaid returns, the Committee, vide notice dated 24/07/2013, required the school to produce on 22/08/2013, its fee records, salary records, books of accounts, bank statements, provident fund and TDS returns. The school was also directed to submit reply to the questionnaire issued by the Committee. However, on 19/08/2013, a representative of the school appeared in the office of the Committee and filed a letter seeking extension of the date of verification of the records of the school on the ground of illness of its accountant. Accordingly, another opportunity was provided to the school to produce its records on 06/09/2013. However, on this date, the school again requested for extension



1

TRUE COPY

W
Secretary

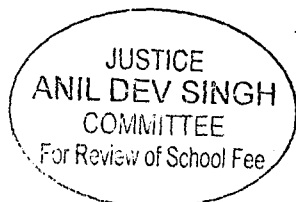
Mother Khazani Convent School, Village Mungeshpur, Delhi-
110039

23)

of time for the same reason. The school was given a final opportunity to produce its records on 11/09/2013. On this date, Sh. Naresh Kumar, Vice Principal appeared along with Sh. S.K. Sharma, accountant of the school. Besides producing the required records, the school also filed reply to the questionnaire issued by the Committee.

As per the reply submitted, the school claimed to have implemented the VI Pay Commission report w.e.f. 01/04/2009. It stated that the monthly salary bill for March 2009 i.e. before implementation to be Rs. 6,05,074 while for the month of April 2009, the same was Rs. 6,04,134, despite implementation of VI Pay Commission report w.e.f. April 2009. It tried to explain the anomaly by putting a foot note saying that the bill for April 2009 was less on account of the fact that there were lesser number of working days in that month. The school conceded that it had not paid any arrears of salary consequent to implementation of VI Pay Commission report with retrospective effect.

With regard to hike in fee, the school admitted to have hiked the fee in accordance with order dated 11/02/2009 issued by the Director of Education, prospectively w.e.f. 01/04/2009. No arrear fee was claimed to have been collected.



2

TRUE COPY

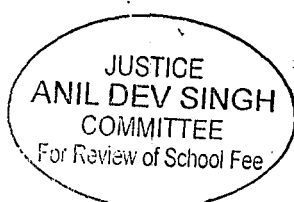
Secretary

Mother Khazani Convent School, Village Mungeshpur, Delhi-
110039

332
With regard to development fee, the school stated that it was not charging any development fee.

The records produced by the school were examined by Ms. Sunita Nautiyal, audit officer of the Committee and she observed as follows:

- (a) The school was charging fee in accordance with the fee structures submitted by the school as part of its returns under Rule 180. However, the school was also charging hostel fee, computer fee and transport fee from some of the students. Further the school was charging registration fee of Rs. 100 and admission fee of Rs. 300 in 2008-09, Rs. 150 and Rs. 400 in 2009-10 and 2010-11 whereas the permissible charge for the same was Rs. 25 and Rs. 200 respectively.
- (b) The school had increased tuition fee by Rs. 150 to Rs. 250 per month in 2009-10 for different classes, which in percentage terms amounted to a hike between 20% and 62.5%. Further, in 2010-11, the tuition fee had been increased by Rs. 150 to Rs. 200 per month which resulted in a hike to the tune of 16 to 21% for different classes. Similarly there was hike in annual charges also for both the years.



TRUE COPY
Secretary

Mother Khazani Convent School, Village Mungeshpur, Delhi-110039

333
(c) No adverse feature was noticed in the maintainence of books of accounts.

(d) Salary to the staff was paid in cash till March 2013. Further no TDS was deducted for the salaries, despite the claim of the school of having implemented the VI Pay Commission report w.e.f. April 2009.

In order to provide an opportunity of hearing to the school, the Committee issued notice dated 27/01/2014 for hearing on 24/02/2014. On this date, Sh. Naresh Kumar, Vice Principal of the school appeared and filed a request for adjournment on the ground that the accountant of the school was on leave. A fresh notice dated 02/04/2014 was issued for hearing on 11/04/2014. On this date, Sh. Naresh Kumar appeared with Sh. S.K. Sharma, accountant. Written submissions were filed by the school and the representatives were heard by the Committee. It was contended that the hike in tuition fee was justified as there was a corresponding hike in salary paid on account of implementation of VI Pay Commission report. Further there were accrued liability of gratuity and leave encashment which would further justify the hike in fee. It was also contended that there had been never any complaint from any parent or staff or any adverse action against the school by Department of Education.

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

4 TRUE COPY

Secretary

Mother Khazani Convent School, Village Mungeshpur, Delhi-
110039

334
The Committee perused the observations of the audit officer and put them to the representatives of the school particularly with regard to payment of salary in cash till March 2013 without deduction of any TDS, when the school claimed to have implemented the VI Pay Commission report w.e.f. April 2009. The representatives of the school conceded that these observations were correctly recorded. On a query by the Committee, the representatives stated that the TDS account number (TAN) had been obtained by the school only in 2012-13.

On consideration of the returns of the school, the observations of the audit officer and the submissions made by the representatives of the school during the course of hearing, the Committee is of the view that the school had not implemented the VI Pay Commission report, primarily on account of the fact that the school continued to pay salary in cash without deduction of TDS, when the salaries had risen substantially on account of VI Pay Commission report. The very fact that till 2012-13, the school had not even obtained TAN, nails the lie of the school. The audited financials, in the circumstances, deserve no respect.

Since the school has not implemented the VI Pay Commission report, the only issue that remains to be examined is whether the school hiked the fee, in excess of 10% which the

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

W

Mother Khazani Convent School, Village Mungeshpur, Delhi-110039

335
Committee considers as justified in order to take care of the inflationary pressures. To examine this issue, it would be apposite to tabulate the fee charged by the school for different classes in 2008-09, 2009-10 and 2010-11. As per the fee structures filed by the school which have been found to be correct by the audit officer of the Committee, the following position emerges:

Class	Fee in 2008-09 (Rs.)	Fee in 2009-10 (Rs.)	Increase in 2009-10 (Rs.)	Percentage Increase	Fee in 2010-11 (Rs.)	Increase in 2010-11	Percentage Increase
I	400	650	250	62.5%	650	0	0
II	500	650	150	30.0%	750	100	15.38%
III	500	650	150	30.0%	750	100	15.38%
IV	500	650	150	30.0%	750	100	15.38%
V	550	700	150	27.27%	850	150	21.42%
VI	600	750	150	25.0%	850	100	13.33%
VII	600	750	150	25.0%	850	100	13.33%
VIII	600	750	150	25.0%	850	100	13.33%
IX	750	900	150	20.0%	1050	150	16.66%
X	750	900	150	20.0%	1050	150	16.66%
XI Sc.	1000	1200	200	20.0%	1400	200	16.66%
XI Comm.	850	1000	150	17.64%	1200	200	20.0%
XI Arts	850	1000	150	17.64%	1200	200	20.0%
XII Sc.	1200	1400	200	16.67%	1600	200	14.28%
XII Comm.	950	1200	250	26.31%	1400	200	16.66%
XII Arts	950	1200	250	26.31%	1400	200	16.66%

As is noticeable from the above table, the school hiked the fee in excess of the tolerance limit of 10% in both 2009-10 and 2010-11, on the pretext of implementation of VI Pay Commission report, which claim the Committee has not accepted. In these

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

6 TRUE COPY

Secretary

**Mother Khazani Convent School, Village Mungeshpur, Delhi-
110039**

336 premises, the hike in fee effected by the school in excess of 10% in both 2009-10 and 2010-11 was unjustified and ought to be refunded along with interest @ 9% per annum.

Recommendations:

In view of the foregoing discussion, the Committee is of the view that the school ought to refund the hike effected by it in tuition fee in 2009-10 and 2010-11 over and above the tolerance limit of 10%, along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh
(Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Dated: 22/04/2014



TRIP

Secretary

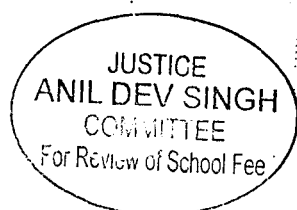
Banyan Tree School, Lodhi Institutional Area, New Delhi-110003

337

In response to a communication sent by the Committee, the school, vide its letters dated 20/03/2012 furnished copies of returns submitted by it under Rule 180 of Delhi School Education Rules 1973 with the Director of Education for the years 2006-07 to 2010-11. Along with these returns, the school also furnished its statement of fees for these years as well as details of salary paid by it to its staff before implementation of VI Pay Commission Report and after its implementation. Details of arrears paid to the staff were also furnished. While perusing the documents furnished by the school, the Committee observed that it had not furnished its audited Receipt and Payment account, Income & Expenditure account and Balance Sheet for any of the years. Accordingly, the school was asked to clarify the position vide Committee's letter dated 27/08/2012. In response, the school submitted that these documents had already been submitted to the Department of Education (Zone-24) and probably they had not been forwarded to the Committee. However, the school furnished copies of these documents. As the school admitted to have hiked the fee in accordance with order dated 11/02/2009 issued by the Director of Education and also claimed to have implemented the recommendations of the VI Pay Commission report, the school was placed in Category 'B'.

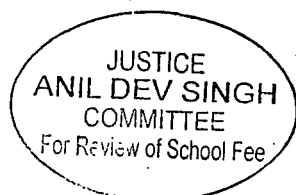
TRUE COPY

Secretary



338

Preliminary examination of the financials of the school was carried out by the Chartered Accountants detailed with this Committee (CAs). As the school claimed to have increased the tuition fee w.e.f. 01/09/2008, the balance sheet of the school as on 31/03/2008 was taken as the basis for calculation of the funds available with the school for the purpose of implementation of the VI Pay Commission Report. As per the preliminary calculations made by the CAs, the funds available with the school as on 31/03/2008 were to the tune of **Rs. 3,20,30,988**. The school recovered arrear fee amounting to **Rs. 64,80,000**, the arrears of salary paid by the school consequent to implementation of VI Pay Commission Report w.e.f. 01/01/2006 was **Rs.1,72,96,622**, the incremental fee recovered by the school for the period 01/09/2008 to 31/03/2010 was **Rs. 1,50,56,390** while the incremental salary on account of implementation of VI Pay Commission Report for the corresponding period was **Rs.83,83,056**. After taking into account the increased fee, arrear fee, increased salary and arrear salary, the school still had surplus funds available with it to the tune of **Rs.2,78,87,700**. The school was, served with a notice dated 17/06/2013 for providing it an opportunity of hearing by the Committee on 03/07/2013. In order to check any inaccuracies in the calculations made by the CAs and also to elicit response of the school on the issues concerning development fee, a comprehensive questionnaire was also issued to the school along with the aforesaid notice. However, the Committee received a request letter from the school to postpone the hearing on account of



339

the fact that the school was closed for summer vacations. The hearing was postponed to 01/08/2013 and the school was informed accordingly. On this date, Sh. Rajiv Kumar, Manager of the school appeared with Sh. Anil Kanodia, Chartered Accountant and Sh. Devender Pandey, Manager Accounts. Reply to the questionnaire issued by the Committee was filed and the representatives were provided with the preliminary calculation sheet prepared by the CAs attached with the Committee. They sought some time for filing an appropriate response. At their request, the matter was directed to be relisted on 26/08/2013. On 21/08/2013, the school again filed a request letter for postponement of hearing in the month of September 2013. However, the school filed its own calculation sheet of available funds vis a vis additional liability on account of hike in salaries due to implementation of VI Pay Commission Report. In the calculation sheet filed by it, certain figures taken by the CAs attached with the Committee were disputed. However, even as per their own calculation sheet, the school had projected a surplus of **Rs. 79,08,801** after meeting all its liabilities on account of implementation of VI Pay Commission Report. While working out this surplus, the school had taken into account its accrued liabilities for gratuity, bonus, leave encashment, provision for LTA and three months' salary as reserve for contingencies, which the school considered as appropriate. However, in the note to the calculation sheet, the school stated that the funds available represent unspent depreciation earmarked for replacement of assets. Acceding to the request of the school to schedule the

340 hearing in the month of September, 2013, the hearing was adjourned to 06/09/2013. On this date, the aforesaid representatives of the school again appeared and were heard on the calculation sheet filed by the school. However, since the school had not given the supporting documents for the figures taken by it in its calculation sheet, the school requested for time to file the same. The hearing was concluded with liberty to the school to file the details within two weeks.

On 16/09/2013, the school instead of filing the explanatory calculations, filed a revised calculation sheet in which, it projected a surplus of Rs. 41,26,463 that was left with the school after full implementation of VI Pay Commission report, after revising and correcting its own calculation sheet.

In order to appreciate and make proper financial analysis, it would be apposite to juxtapose the figures wherever there are differences between them as per the calculation sheet prepared by the CAs, the original calculation sheet filed by the school and the revised calculation sheet filed by the school.

Particulars	As per calculation sheet prepared by CAs	As per original calculation sheet of the school	As per revised calculation sheet of the school
Funds available as on 31/03/2008	3,20,30,988	1,39,06,808	1,39,06,808
Arrear fee for the period 01/01/2006 to 31/08/2008	64,80,000	54,93,333	54,93,333
Incremental fee	1,50,56,390	1,38,37,350	1,38,37,350

for the period 01/09/2008 to 31/03/2010			
Arrears salary for the period 01/01/2006 to 31/03/2009	1,72,96,622	1,58,72,918	1,72,96,622
Incremental salary for the financial year 2009-10	83,83,056	94,55,772	1,18,14,406

Submissions:

During the course of hearing on 06/09/2013 and vide written submissions dated 13/09/2013, the school submitted as follows:

- (a) Accrued liabilities of gratuity amounting to Rs. 50,04,862 and leave encashment amounting to Rs. 24,93,508 as on 31/03/2008, ought to have been considered by the Committee, while working out the funds available with the school, as they were statutory liabilities.
- (b) The provision for bonus amounting to Rs. 2,02,705 and LTA amounting to Rs. 1,82,023 were made in the balance sheet as on 31/03/2008 and as such ought to have been taken into account while working out the funds available but they were omitted from the calculations.
- (c) As per section 4 of Delhi School Education Act, 1973, the school is required to ensure its financial stability and has to keep sufficient funds available for regular payment of salary and allowances, for which the school considers three months



TRUE COPY

Secretary

salary to be appropriate. Therefore, a sum of Rs. 88,17,378 representing three months salary, ought to be kept in reserve and appropriate allowance should have been made for that.

342

- (d) Cheques of the amount of Rs. 14,23,704 issued towards payment of VI Pay Commission arrears remain uncashed and ought to have been deducted while working the funds available with the school.
- (e) If the amounts as per (a), (b), (c) & (d) above were considered, the funds available with the school would work out to Rs. 1,39,06,808 as against Rs. 3,20,30,988 taken by the CAs attached with the Committee.
- (f) The correct amount of arrear fee for the period 01/01/2006 to 31/08/2008 was Rs. 54,93,333 as against Rs. 64,80,000 taken by the CAs attached with the Committee. It was submitted that while working out the figure, the CAs had not taken into account that a number of students were enjoying EWS concession.
- (g) The correct amount of incremental fee for the period 01/09/2008 to 31/03/2010 was Rs. 1,38,37,350 as against Rs. 1,50,56,390. The difference was stated to be on account of EWS concession not taken into account by the CAs attached with the Committee.
- (h) During the course of hearing on 06/09/2013, the representatives of the school submitted that the figures of arrears salary paid and incremental salary on account of



343
implementation of VI Pay Commission report were erroneously reported by the school earlier and consequently, such erroneous figures got reflected in the calculation sheet prepared by the CAs attached with the Committee. The correct figures were Rs. 1,58,72,918 towards arrears for the period 01/01/2006 to 31/03/2009 and Rs. 94,55,772 towards incremental salary for the financial year 2009-10, as reflected in the original calculation sheet filed by the school. However, in the revised calculation sheet filed by the school along with its written submissions dated 13/09/2013, the school reverted to the figure of Rs. 1,72,96,622, which the school had maintained to have been erroneously reported, without any explanation for the U turn taken by it. As regards the incremental salary for the financial year 2009-10, the school revised its own figure from Rs. 94,55,772 to Rs. 1,18,14,406 and in support, relied upon its audited Income & Expenditure accounts for the years 2008-09 and 2009-10. However, the school did not give any explanation as to what was the basis of the figure of Rs. 94,55,772 taken in its original calculation sheet.

The submissions regarding development fee would be considered while we discuss the issue of development fee.

Discussion

TRUE COPY




Secretary

344

The Committee has perused the returns of the school under Rule 180 of Delhi School Education Rules, the preliminary calculation sheet prepared by the CAs, the two calculation sheets submitted by the school, the written and oral submissions made by the school. The various contentious issues involved are discussed as follows:

Re: Funds available as on 31/03/2008

As noted above, the school has contended that the funds available as on 31/03/2008 were Rs. 1,39,06,808 as against Rs. 3,20,30,988 taken by the CAs attached with the Committee. The difference of Rs. 1,81,24,180 between the two figures is on account of the following sums which, the school claims should have been considered but were not considered while working out the funds available.

(a) Accrued liability of Gratuity	Rs. 50,04,862
(b) Accrued liability of leave encashment	Rs. 24,93,508
(c) Provision for bonus	Rs. 2,02,705
(d) Provision for LTA	Rs. 1,82,023
(e) Reserve for three months salary	Rs. 88,17,378
(f) Uncashed cheques of payment of	
VI Pay Commission arrears	<u>Rs. 14,23,704</u>
Total	<u>Rs. 1,81,24,180</u>

So far as accrued liability of gratuity is concerned, the Committee finds that the school had made a provision of Rs.



345

50,04,862 in its balance sheet. The CAs attached with the Committee had not taken this amount into consideration for want of details of such provision. Along with the written submissions dated 13/09/2013 filed by the school, it has filed an employee wise detail of such provision and the relevant calculations. On perusal of the detail, the Committee finds that the school had made provision in respect of 23 employees who had not completed the qualifying service of 5 years to be entitled to payment of gratuity. The amount in respect of these 23 employees was Rs. 3,33,588. Hence the Committee is of the view that the actual liability of gratuity as on 31/03/2008 was **Rs. 46,71,274**, which will be factored in while making the final determination.

With regard to accrued liability of leave encashment amounting to **Rs. 24,93,508**, the Committee finds that the school had made the provision in its balance sheet as on 31/03/2008 but the liability was omitted from the calculations for want of details of its working. The school has filed the details along with its written submissions which has been perused by the Committee and found to be in order. The same will be duly considered while making the final calculations.

As regards the Provision for bonus (**Rs. 2,02,705**) and Provision for LTA (**Rs.1,82,023**), the Committee finds that these liabilities were also duly provided in the balance sheet as on 31/03/2008 but appeared to have been inadvertently omitted by the

**TRUE COPY**

[Signature]
Secretary

CAs from the calculations. The Committee will duly factored in these amounts in its final calculations.

346
With regard to reserve equivalent to three months salary, which the school considers as appropriate, the Committee, in principle, is in agreement with the view of the school. However, the Committee has taken a consistent view in case of other schools that an amount equivalent to four months' salary ought to be kept in reserve by the school. Therefore, the Committee is of the view that the amount that is required to be deducted from the funds available on this account is **Rs. 1,17,56,504** instead of Rs. 88,17,378. This will be duly factored in the final calculations.

The Committee does not agree with the contention of the school that uncashed cheques towards payment of VI Pay Commission Arrears should be deducted while working out the funds available as on 31/03/2008 for the simple reason that there could have been no occasion to issue any such cheques prior to 31/03/2008 and remaining unpaid as on that date as the report of the VI Pay Commission had not even been accepted by that date.

Re.: Arrear fee for the period 01/1/2006 to 31/08/2008
and Incremental fee from 01/09/2008 to 31/03/2010

The Committee accepts the contention of the school that the arrear fee and incremental fee would be at figures lower than those taken by the CAs attached with the Committee on account of

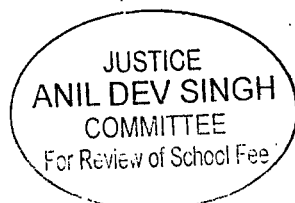


and also in the revised calculation sheet submitted by the school. It seems that the school literally interpreted the word "paid" and excluded the uncashed cheques, while furnishing the figure of Rs. 1,58,72,918 as arrears paid. The Committee is of the view that the entire amount of arrears, whether paid or unpaid have to be taken into consideration for calculating the amount of fee hike required. Hence the Committee will take the figure of **Rs. 1,72,96,622** in its final calculations.

Re.: Incremental salary for the financial year 2009-10

The Committee has perused the working sheet of the CAs attached with it and observes that they had worked out the figure of Rs. 83,83,056 by extrapolating the monthly difference in salary for the months of March and April 2009. The figure of Rs. 94,55,772 taken by the school in its original calculation sheet was also worked out in a similar manner although with some changed figures. However, in the final calculation sheet, the school has taken the figure at Rs. 1,18,14,406 which is based on the total expenditure on salary, provident fund and bonus as reflected in its audited financials. Since the accounts of the school are found to be properly maintained and audited, they inspire confidence. The Committee, therefore accepts the figure of **Rs. 1,18,14,406** on the basis of the audited financials of the school and the same will be factored in while making the final determinations.

TRUE COPY



Re.: Incremental liability for gratuity and leave encashment
as on 31/03/2010

349

Although the school has requested for exclusion of liabilities towards gratuity and leave encashment as on 31/03/2008 from the funds available and the Committee as per the above discussion has accepted this claim, since the fee for the year 2009-10 is under scrutiny, the Committee is of the view that the increase in these liabilities as on 31/03/2010 ought also be deducted from the funds available with the school. In fact in case of other schools, the Committee has deducted the accrued liabilities as on 31/03/2010 and the Committee finds no justification to treat this school differently merely for the reason that the school has not made any such claim. As per the balance sheet of the school as on 31/03/2010, the accrued liability for gratuity was Rs. 96,39,121 and that for leave encashment was Rs. 41,17,220. Out of these liabilities amounting to Rs.46,71,274 (gratuity) and Rs. 24,93,508 (leave encashment) upto 31/03/2008 have already been considered. The incremental liabilities amounting to **Rs. 49,67,847** towards gratuity and **Rs. 16,23,712** towards leave encashment will be factored in while making the final determinations.

Determinations:

The funds available with the school as on 31.03.2008, as determined by the Committee, were **Rs. 61,33,415** as per details below:

TRUE COPY



Particulars		Amount (Rs.)
Funds available as on 31/03/2008 as per preliminary calculation sheet		3,20,30,988
Less:		
(a) Accrued liability of gratuity	46,71,274	
(b) Accrued liability of leave encashment	24,93,508	
(c) Provision for bonus & LTA	3,84,728	
(d) Reserve for contingencies	1,17,56,504	
(e) Incremental liability for gratuity and leave encashment as on 31/03/2010	65,91,559	2,58,97,573
Net funds available as on 31.03.2008		61,33,415

Thus the school had **Rs. 61,33,415** available with it, which it could have used for meeting its increased liabilities on account of implementation of VI Pay Commission.

The additional liabilities of the school for implementation of VI Pay Commission report, as per the above discussion, are determined to be **Rs. 2,91,11,028** as follows:

Arrear salary for the period 01/01/2006 to 31/03/2009	1,72,96,622
Incremental salary for F Y 2009-10	1,18,14,406
Total additional liability	2,91,11,028

In view the foregoing determinations, it is apparent that the school did not have sufficient funds of its own to meet its additional liabilities and that it needed to hike the fee to make good the shortfall which was to the tune of **Rs. 2,29,77,613**. The school collected a sum of Rs. 54,93,333 towards arrear fee and a sum of Rs. 1,38,37,350 by way of incremental fee, thus aggregating **Rs. 1,89,40,261**. Thus, the



school did not fully recover the amount that was recovered to offset the impact of implementation of VI Pay Commission Report. The amount of shortfall was to the tune of Rs. 40,37,352.

Development Fee

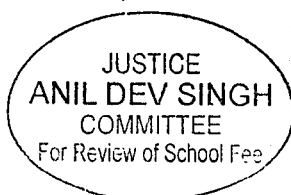
351

The school, in its reply to the questionnaire, stated that it was charging development fee. It filed details of development fee received and the amount of its utilisation from 2006-07 to 2010-11. As per the details submitted, the school recovered a total sum of Rs. 2,25,14,473 from 2006-07 to 2010-11, which included a sum of Rs. 64,55,567 for the year 2009-10 and Rs. 67,39,938 for the year 2010-11. As against this, the school claimed to have utilised a sum of Rs. 1,06,35,975 in the five years and claimed that a balance of Rs. 1,18,78,498 was held by it as unutilised out of the fee collected for those five years. However, the manner of utilisation i.e. the particular assets acquired out of development fee was not mentioned. It was further stated that the development fee was treated as capital receipt in the accounts and separate depreciation reserve was maintained. With regard to maintenance of earmarked funds for parking unutilised development fee and depreciation reserve, the school stated that they formed part of general funds and have not been separately earmarked.

Again, vide written submissions dated 13/09/2013 which were filed on 16/09/2013, the school gave details of the addition to fixed assets from 2006-07 to 2009-10.

TRUE COPY

15



Secretary

On perusing the details of fixed assets acquired during these four years, it becomes apparent that the bulk of fixed assets acquired are cars, buses, electrical equipments and installation etc. The furniture & fixture and equipments form a very miniscule portion of the total fixed assets acquired. Further, the school has admitted that it was not maintaining earmarked funds to park the unutilised development fund and depreciation reserve fund. Perusal of its balance sheet as on 31/03/2011 also does not throw up any such earmarked funds. Hence, the Committee is of the view that the school was not fulfilling the pre conditions prescribed by the Duggal Committee for charging development fee. The recommendations of the Duggal Committee on the issue of the prescribed pre conditions were affirmed by the Hon'ble Supreme Court in the case of Modern School vs. Union of India & Ors. (2004) 5 SCC 583. In the circumstances, the Committee is of the view that the development fee charged by the school was not in accordance with the law. As noticed earlier, the development fee collected by the school in the years 2009-10 and 2010-11 was Rs. 64,55,567 and Rs. 67,39,938 respectively. The Committee is of the view that the school ought to refund the aforesaid sums collected in 2009-10 and 2010-11 alongwith interest @ 9% per annum after making good the shortfall in the recovery of tuition fee and arrear fee for implementation of VI Pay Commission Report.

TRUE COPY



W
Secretary

Recommendations:

The school ought to refund a sum of Rs. 91,58,153 as per details below, along with interest @ 9% per annum.

Development fee charged in 2009-10	64,55,567	
Development fee charged in 2010-11	67,39,938	1,31,95,505
Less Shortfall in recovery of tuition fee		40,37,352
Net amount refundable		91,58,153

353

Recommended accordingly.

Sd/-

Dr. R.K. Sharma
Member

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 16/12/2013

TRUE COPY



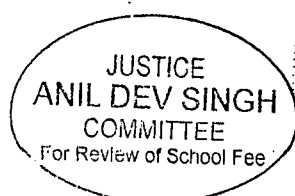
Secretary

Mount Carmel School, Anand Niketan, New Delhi-110021

354

The Committee, vide its letter dated 19/01/2012, required the school to produce copies of its annual returns filed under Rule 180 of Delhi School Education Rules, 1973, copies of its statement of fee, details of salary paid prior to implementation of VI Pay Commission report and after its implementation, details of arrears paid to staff, statement indicating the extent of fee increased including arrears for the purpose of implementation of VI Pay Commission report along with copy of the circular issued to the students. The school provided the information asked for under cover of its letter dated 03/02/2012. While providing the information, the school also highlighted the fact that it was the first school in the capital to make the first phase of payments of arrears to the staff in December 2008 itself i.e. two months prior to DOE's order dated 11/02/2009.

On analysis of information provided by the school, preliminary calculations were made by the Committee and prima facie, it appeared that the school had hiked the fee in excess of its requirements for the purpose of implementation of VI Pay Commission report. Further, some more information/clarification were asked for from the school vide Committee's letter dated 21/02/2012. The school was also given an opportunity to present its case before the Committee on 09/03/2012. On this date, Dr. Neena Williams, Director, Dir. Michael Williams, Director, Mr. Scaria, Vice Principal of the school appeared along with Sh. S.S. Kalra, Chartered Accountant. They were accorded



1

TRUE COPY

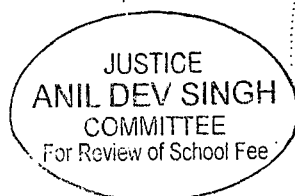
Secretary

Mount Carmel School, Anand Niketan, New Delhi-110021

355
hearing by the Committee. The representatives of the school contended that the fee hike was justified and not excessive. Some more information was asked for from the school which was provided by the school vide its letter dated 16/03/2012. Based on the information furnished by the school and the submissions made during the preliminary hearing, it was placed in Category 'B' as the school had admittedly hiked the fee and also implemented the VI Pay Commission report.

In meantime the Committee during the course of its deliberations, standardized the information which all the schools were required to provide for the purpose of examining the justifiability of hike in fee for the purpose of implementation of VI Pay Commission report. For eliciting such information, a questionnaire was issued to all the schools by email on 27/02/2012.

In order to provide a fresh opportunity of being heard to the school, the Committee issued a notice dated 02/09/2013 for hearing on 09/09/2013. As the school was found to be charging development fee also, another questionnaire eliciting information specifically regarding collection and utilisation of development fee and maintenance of development fund and depreciation reserve fund was issued. In response, a letter was received from the Principal of the school, contending that the school had already provided all the information sought and had also appeared before the Committee. It



Mount Carmel School, Anand Niketan, New Delhi-110021

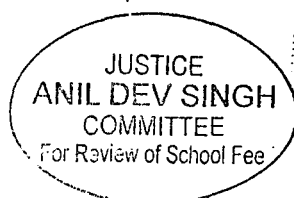
356

further requested that a fresh date of hearing after 15/09/2013 may be provided if the Committee felt it necessary to do so. No reply to the questionnaire regarding development fee was filed. However, subsequently, vide letter dated 18/09/2013, the school filed reply to the questionnaire regarding development fee. This will be adverted to when we discuss the issue of development fee.

A fresh notice of hearing dated 25/11/2013 was issued to the school to appear before the Committee on 09/12/2013. On this date, Dr. Mrs. N.M. Williams, Principal of the school appeared along with Sh. S.S. Kalra, Chartered Accountant and Sh. Vinod Kumar, Accountant. They were partly heard by the Committee. Preliminary calculations with respect to the justifiability of hike in fee for the purpose of implementation of VI Pay Commission report were made by the Committee. As the school claimed to have hiked the fee w.e.f. 01/09/2008, the audited balance sheet of the school as on 31/03/2008 was taken as the basis to calculate the funds available with the school at the threshold. The additional expenditure on salaries as a result of implementation of the VI Pay Commission report, including payment of arrears, was taken from the information furnished by the school itself. The preliminary calculations indicated that the school had funds amounting to **Rs. 7,22,81,528** available with it at the threshold, as on 31/03/2008. The additional expenditure that befell on the school on implementation of VI Pay

3

TRUE CL



[Signature]
Secretary

Mount Carmel School, Anand Niketan, New Delhi-110021

357

Commission report was Rs. 4,09,66,371. In view of this position, prima facie it appeared that the school did not need to hike the fee nor recover any arrear fee for implementing the VI Pay Commission report. In order to enable the school to offer its comments, if any, the Committee provided a copy of the preliminary calculation sheet to the school, which is as follows:

Statement showing fund available as on 31.03.2008			
Sl. No.	Particulars	Amount (Rs.)	Amount (Rs.)
	<u>Current Assets+ Investments</u>		
	Cash & Bank Balances	76,485,199	
	Loans & Advances	1,906,441	78,391,640
Less:	<u>Current Liabilities</u>		
	Scholarship Fund	127,001	
	Other Liabilities	5,159,611	
	Student's Security	823,500	6,110,112
	Net Current Assets + Investments		72,281,528
Less:	Total Liabilities after VIth Pay Commission		
-	Additional salary (including arrears) paid upto 31.03.2010 on implementation of 6th CPC as per statement submitted by School		40,966,371
	Excess / (Short) Fund Before Fee Hike		31,315,157
Add:-	Total Recovery of Fee for VI th Pay Commission		
	Recovered from students for Arrears w.e.f 01.01.06 to 31.08.08	7,812,000	
	Increase in Tuition Fee w.e.f 01.09.08 to 31.03.09	6,249,600	
	Annual increase in Tuition Fee (FY 09-10)	10,828,800	24,890,400
	Excess / (Short) Fund After Fee Hike		56,205,557

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

4

TRUE COPY


Secretary

Mount Carmel School, Anand Niketan, New Delhi-110021

358

The hearing was again directed to come up on 30/01/2014, to enable the school to provide the justification, if any, for hiking the fee and recovering the arrear fee for implementation of VI Pay Commission report. On the scheduled date, the Principal and the Chartered Accountant of the school appeared and filed written submissions dated 28/01/2014, along with the reports of actuary for accrued liabilities of gratuity and leave encashment. However, the school did not file any written submissions or made any oral submissions, disputing the preliminary calculations made by the Committee. It contended that the calculation sheet furnished by the Committee got misplaced. At the request of the school, a duplicate copy of the calculation sheet was provided to the school with directions to file the written submissions within one week. The hearing was concluded on this date. Subsequently the school filed its written submissions dated 05/02/2014.

Submissions:

During the course of hearings and in the written submissions filed by the school, it contended as follows:

- (a) The school is an unaided Christian Minority Institution and the Constitution of India gives autonomy to the Minority institutions with respect to its finances and administration. This was affirmed by the Apex Court in TMA Pai case of



5

TRUE COPY

Secretary

Mount Carmel School, Anand Niketan, New Delhi-110021

359

2002. The only areas where Minority institutions can be equated with other institutions are with respect to (a) basic hygiene condition in schools , (b) moral obligations, (c) standard of education, (d) salary of staff, (e) prohibition to charge capitation fee.

(b) The fee hike was necessitated due to implementation of VI Pay Commission w.e.f. 2006.

(c) The entire funds available with the school, ought not be considered as available for implementation of VI Pay Commission report, as the school has accrued liabilities for gratuity and leave encashment, notwithstanding the fact that they have not been provided in the accounts. As per the actuarial report, the accrued liability of gratuity as on 31/03/2010 was Rs. 1,02,92,201 and that for leave encashment was Rs. 40,64,264. Further, the school needs to have sufficient funds in reserve for future contingencies, equivalent to four months salaries, which has been quantified at Rs. 1,77,24,418.

(d) The school has already returned the excess amount of fee amounting to Rs. 47,49,960 (Rs. 41,30,400 as tuition fee and Rs. 6,19,560 as development fee) as per the directions given by the Education Department.

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

6

TRUE COPY


Secretary

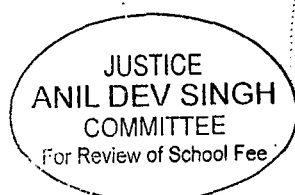
Mount Carmel School, Anand Niketan, New Delhi-110021

360

- (e) In terms of Rule 117 (sic) of Delhi School Education Act (sic), 1973, the school needs to keep reasonable reserve, not being less than 10% of savings, as worked out in terms of the Rule. The funds generated over a number of years were parked in general fund to be utilised for specified purposes.
- (f) The aggregate net income from 2006-07 to 2012-13 is negative to the tune of Rs. 69,88,912.
- (g) The management has generated funds very judiciously and prudently which has resulted in an interest income of Rs. 4,29,89,489 from 2000-01 to 2009-10. Thus it would be apparent that the school has not generated funds out of its fee alone but by way of prudent investment of available funds.

Discussion & Determination:**Tuition fee**

The Committee has perused the financials of the school, the information sought by the Committee and that provided by the school and the oral and written submissions made by the representatives of the school. At the outset, the school has raised a preliminary objection as to whether the Committee should at all examine the justifiability of the fee charged by the school in view of the fact that the school is a minority institution which is guaranteed certain



7

TRUE COPY

Secretary

Mount Carmel School, Anand Niketan, New Delhi-110021

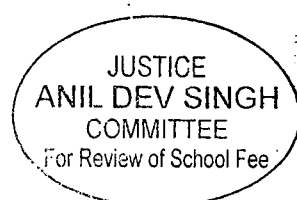
361

constitutional rights. The Committee notices that along with the WP (C) No. 7777 of 2009 vide which this Committee was constituted, the Hon'ble High Court of Delhi also disposed off WP (C) No. 9228 of 2009, which was a writ petition filed by the Forum for Minority Schools. While disposing of this case, the Hon'ble High Court also considered in great detail the judgment of the Hon'ble Supreme Court in TMA Pai's case which has been relied upon by the school. The Hon'ble High Court held as follows:

*69. The reasons given by us holding para 7 of the notification dated 11.02.2009 to be valid would prompt us to further hold that **such an order would be applicable to the minority schools as well and does not impinge upon their minority rights.** It is for the reason that the principle laid down by the Apex Court to the effect that schools are not to be converted into commercial ventures and are not to resort to profiteering is applicable to minority schools as well.*

This judgment has become final and the school has made no contention that the aforesaid judgment has been challenged or overturned by the Hon'ble Supreme Court. In view of the aforesaid judgment, the school is only trying to re-agitate the issue which has already been settled by the Hon'ble Delhi High Court. This Committee is not the appropriate forum before which the school can raise this issue.

Having dealt with and rejected the preliminary objection raised by the school, the Committee finds that the regular fee hiked by the school was not justified. This is on account of the fact that even after



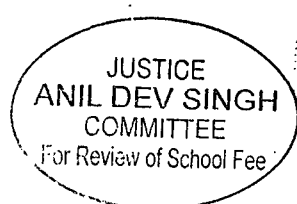
Mount Carmel School, Anand Niketan, New Delhi-110021

362

accepting all the contentions raised by the school regarding the setting apart of funds for accrued liabilities of gratuity, leave encashment and reserve for future contingencies, the deficiency that arose on account of implementation of VI Pay Commission report, was to the tune of Rs.7,65,726 only, as per the calculations given below:

Particulars		Amount(Rs.)
Funds available as on 31/03/2008 (not disputed by the school)		7,22,81,528
Less :		
(1) Accrued liability of gratuity as on 31/03/2010, as claimed by the school	1,02,92,201	
(2) Accrued liability of leave encashment as on 31/03/2010, as claimed by the school	40,64,264	
(3) Reserve for future contingencies (equivalent to four months salaries), as claimed by the school	<u>1,77,24,418</u>	3,20,80,883
Net funds available for implementation of VI Pay Commission report		4,02,00,645
Less : Additional expenditure on salary on account of salary hike and payment of arrears from 01/01/2006 to 31/03/2010 (figure furnished by the school)		4,09,66,371
Deficiency which the school needed to make good by recovering arrear fee		7,65,726

The school could have recovered arrear fee to bridge this gap of Rs. 7,65,726 alone. However, the school, generated an additional revenue of Rs. 2,48,90,400 by way of recovering arrears of tuition fee alone and hiking the monthly tuition fee in pursuance of order dated 11/02/2009 issued by the Director of Education. The consequential



Mount Carmel School, Anand Niketan, New Delhi-110021

363

hike in development fee for the period 01/09/2008 to 31/03/2009 will be dealt with by us when we discuss the issue of development fee. Thus the arrear fee and the hiked tuition fee, to the tune of Rs.2,41,24,674 (2,48,90,400 - 7,65,726), was unjustified and ought to be refunded alongwith interest @ 9% per annum. The submission that the school has already returned a sum of Rs. 41,30,400 (out of Rs. 47,49,960) is of no consequence as while calculating the additional revenue generated by way of fee hike, the Committee has taken only the net amount.

The school's contention that it needs to keep reasonable reserve, not being less than 10% of savings as calculated as per Rule 177 of Delhi School Education Rules, 1973, has already been taken care of as while working out the funds available for implementation of VI Pay Commission report, the Committee has set apart a sum of Rs. 1,77,24,418, which the school itself claimed. No amount has been quantified by the school as to what represents 10% of savings as per Rule 177.

The contention of the school that the aggregate net income of the school from 2006-07 to 2012-13 was negative, does not advance the case of the school in view of the fact that despite such claimed negative income, the school possessed funds to the tune of Rs. 7,22,81,528.



Mount Carmel School, Anand Niketan, New Delhi-110021

364

The contention of the school that it generated a sum of Rs. 4,29,89,489 from 2000-01 to 2009-10 by prudently investing its funds and therefore the same ought not to be considered as available for implementation of VI Pay Commission Report cannot be accepted for the reason that the said funds were saved out of fee of the students in the past years. The school does not claim that it had any funds injected from any outside source and which were kept for any specific purpose. The interest on investments of the school can legitimately be used for implementation of VI Pay Commission report particularly in view of the mandate of order dated 11/02/2009 issued by the Director of Education which unequivocally says that a fee hike is not mandatory and all schools must, first of all explore the possibility of utilizing the existing reserves to meet any shortfall in payment of salary and allowances, as a consequence of increase in salary and allowances of the employees. It, further mandates that the schools should not consider the increase in fee to be the only source of augmenting their revenue and that they should also venture other permissible measures for increasing revenue receipts. It even says that interest on deposit made as a condition precedent to the recognition of the school and as pledged in favour of the government should be utilised for payment of arrears in the present case. It is noteworthy that this order of the Director of Education has been upheld by the Hon'ble Delhi High Court in WP(C) 7777 of 2009.

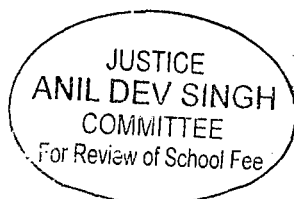


Mount Carmel School, Anand Niketan, New Delhi-110021Development Fee

365

In reply to the questionnaire issued by the Committee regarding collection and utilisation of development fee, its accounting treatment and maintenance of development fund and depreciation reserve fund, the school, vide its letter dated 18/09/2013 stated that it was charging development fee for all the five years for which information was sought from it. It also gave particulars of its utilisation. With regard to treatment of development fee in the accounts, the school gave a very vague reply to the effect that a development fund account has been opened separately and since the whole amount of development fee has been utilised during the year, it will neither be a part of revenue receipt nor capital receipt. However, the excess expenditure is part of Income & Expenditure account. For the same reason, no amount is required to be deposited in the bank account. Further, it was contended that the school was also maintaining a separate depreciation reserve fund for assets acquired from the development fee.

The initial reply to the questionnaire was supplemented by the school vide its written submissions dated 28/01/2014, vide which the following details of receipt and utilisation of development fee were furnished:

**TRUE COPY**

W
Secretary

Mount Carmel School, Anand Niketan, New Delhi-110021

367

It is clear that originally the school was charging development fee @ 10% of tuition fee. However, in pursuance of order dated 11/02/2009 issued by the Director of Education, the school unauthorisedly hiked the development fee to 15 % w.e.f. 01/09/2008. The aforesaid order of the Director did not provide for enhancement of development fee. It only permitted the schools to enhance the tuition fee. However, since development fee is charged as a percentage of tuition fee, the enhancement in tuition fee would have resulted in an enhancement in development fee. Thus if tuition fee was enhanced by Rs. 400 per month, as was done by the school , the development fee would have been resultantly enhanced by Rs. 40 per month. However, the school enhanced the development fee by Rs. 150 per month (from Rs. 180 per month to Rs. 330 per month) for the period 01/09/2008 to 31/03/2009. This enhancement in excess of Rs. 40 per month could not have been done by the school w.e.f. 01/09/2008 without specific permission from the Director of Education as provided in section 17(3) of the Delhi School Education Act, 1973. Thus , without going into the merits of charging development fee, the Committee is of the view that the unauthorized increase of Rs. 110 per month (150-40) for seven months, i.e. from 01/09/2008 to 31/03/2009, totaling Rs. 770 per student, was not only unjustified but also illegal and hence the same ought to be refunded along with

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

TRUE COPY

Secretary
Secretary

Mount Carmel School, Anand Niketan, New Delhi-110021

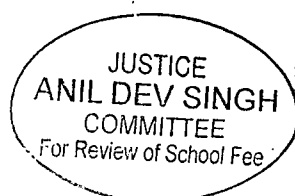
interest @ 9% per annum. In the financials of the school, this would be reflected in the Income & Expenditure Account of 2008-09.

368
Now, before discussing the contentions of the school, which at times are vague and at times are evasive, it would be in order to first discuss as to how much and under what circumstances and for what purpose the schools can charge development fee.

The concept of development fee in the case of unaided private schools in Delhi was for the first time introduced on the recommendations of the Duggal Committee. One of its recommendations was as follows:

18. *Besides the above four categories, the schools could also levy a Development Fee, as a capital receipt, annually not exceeding 10% of the total annual Tuition Fee, for supplementing the resources for purchase, upgradation and replacement of furniture, fixtures and equipment, provided the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue account. While these receipts should form part of the Capital Account of the school, the collected under this head along with any income generated from the investment made out of this fund, should however, be kept in a separate 'Development Fund Account'. (Para 7.21)*

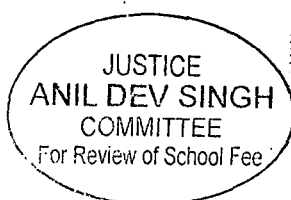
19.



Mount Carmel School, Anand Niketan, New Delhi-110021

369
20. *The schools, should be prohibited from discharging any of the functions, which rightly fall in the domain of the parent society, out of the fee and other charges, collected from the students, or where the parents are made to bear, even in part, the financial burden for the creation of facilities including building, on a land which had been given to the society at concessional rates for carrying out a "philanthropic" activity. One only wonders what then is the contribution of the society that professes to run The School ! (Para 7.24)*

The Government of National Capital Territory of Delhi passed an order dated December 15, 1999 in order to give effect to the recommendations of Ms. Justice Santosh Duggal Committee Report. One of the directions (no. 7) given vide the aforesaid order was that Development fee not exceeding 10% of the total annual tuition fee for supplementing the resources for the purpose of purchase, upgradation and replacement of furniture, fixtures and equipment which shall be treated as capital receipt and shall be collected only if the school is maintaining a depreciation reserve fund, equivalent to the depreciation charged in the revenue accounts. The collection under this head along with any income generated from the investment made out of this fund, will be kept in a separately maintained development fund account.

**TRUE COPY**
Secretary

Mount Carmel School, Anand Niketan, New Delhi-110021

370
The Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583, framed the following question for determination:

"Whether managements of Recognized unaided schools are entitled to set-up a Development Fund Account under the provisions of the Delhi School Education Act, 1973?"

The Hon'ble Supreme Court, held as follows:

25. *In our view, on account of increased cost due to inflation, the management is entitled to create Development Fund Account. For creating such development fund, the management is required to collect development fees. In the present case, pursuant to the recommendation of Duggal Committee, development fees could be levied at the rate not exceeding 10% to 15% of total annual tuition fee. Direction no.7 further states that development fees not exceeding 10% to 15% of total annual tuition fee shall be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixtures and equipments. It further states that development fees shall be treated as Capital Receipt and shall be collected only if the school maintains a depreciation reserve fund. In our view, direction no.7 is appropriate. If one goes through the report*

Mount Carmel School, Anand Niketan, New Delhi-110021

371
of Duggal Committee, one finds absence of non-creation of specified earmarked fund. On going through the report of Duggal Committee, one finds further that depreciation has been charged without creating a corresponding fund. Therefore, direction no.7 seeks to introduce a proper accounting practice to be followed by non-business organizations/not-for-profit organization. With this correct practice being introduced, development fees for supplementing the resources for purchase, upgradation and replacements of furniture and fixtures and equipments is justified. Taking into account the cost of inflation between 15th December, 1999 and 31st December, 2003 we are of the view that the management of recognized unaided schools should be permitted to charge development fee not exceeding 15% of the total annual tuition fee.

A reading of the Duggal Committee report, the order dated 15/12/1999 of the Director of Education that the judgment of the Hon'ble Supreme Court shows that the schools can charge development fee provided:

- (a) It is treated as a capital receipt
- (b) It is utilised for purchase, upgradation and replacement of furniture, fixtures and equipments
- (c) Earmarked depreciation reserve fund and development fund are maintained.




Mount Carmel School, Anand Niketan, New Delhi-110021

372

In the light of the aforesaid principles, the facts of the case of this school need to be examined. At the very outset, although the school tried to give a vague reply to the query raised by the Committee to the effect that since the entire amount of development fee collected is utilised in the same year, it is neither a capital receipt nor a revenue receipt, the position as is evincible from the audited financial of the school is that development fee was treated as a revenue receipt and not as a capital receipt. In all the years i.e. 2006-07 to 2010-11 for which the financials were examined by the Committee, the school credited the development fee to its Income & Expenditure Account. Further, bulk of the expenditure out of development fee is on revenue account. The school vide its written submissions dated 28/01/2014, tried to make out a case that this was merely an accounting mistake and the school ought not suffer for such a technical mistake. The contention of the school has been examined with reference to the computation of its adjusted profit, which it filed along with the written submissions. At the outset, it may be stated that since the mandate of the Committee is only to examine the fee charged by the school in pursuance of order dated 11/02/2009 issued by the Director of Education, the Committee is restricting its recommendations with regard to development fee in respect of the arrears of development fee charged for the period 01/09/2008 to 31/03/2009, the development fee charged in 2009-10 and in 2010-11. The Committee has already

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

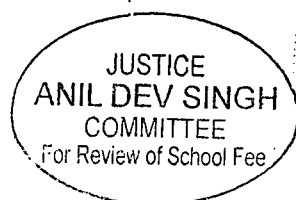
TRUE COPY


Secretary

Mount Carmel School, Anand Niketan, New Delhi-110021

373
dealt with the issue of arrears of development fee charged for the period 01/09/2008 to 31/03/2009. Hence the position as put forth by the school with regard to computation of its adjusted profit on the footing that the treatment of development fee as a revenue receipt and development expenses as revenue expenses needs to be examined for the years 2009-10 and 2010-11 only. With regard to 2009-10, the school has stated that its net profit was Rs. 3,09,177 and if the development fee of Rs. 1,15,70,240 is taken out, the result would be a loss of Rs. 98,91,795 after accounting for the adjustment of depreciation. Similarly for 2010-11, it stated that its net profit was Rs. 4,19,480 and if the development fee of Rs. 1,03,19,190 and development expenses of Rs. 68,84,712 are excluded from its Income & Expenditure account, the net result would be loss of Rs. 26,19,979 after accounting for the adjustment of depreciation.

The contentions of the school cannot be accepted in view of the clear mandate of the Hon'ble Supreme Court in the case of Modern School (supra). There is a significant difference between the treatment of an item of receipt as a capital receipt or a revenue receipt. Further, it is not merely the accounting treatment but as would be apparent from the aforesaid judgment, there is a requirement of maintaining earmarked funds for development fee and depreciation reserve. The school has merely stated that it is maintaining separate funds for these purposes. However, the balance sheets of the school do not



Mount Carmel School, Anand Niketan, New Delhi-110021

374
show any earmarked funds which have been kept apart by way of depreciation reserve fund. The school is trying to show off the depreciation reserve account appearing on liability side of the balance sheet, which is merely accumulated depreciation charged on the fixed assets of the school. There is no corresponding fund on the assets side either by way of a separate bank account or earmarked FDRs or other investments. What is appearing in as depreciation reserve on the liability side is merely a reserve created by book entries. There is no funding of such reserve.

In view of the foregoing discussion, the school was not justified in charging any development fee in 2009-10 and 2010-11. The amount of Rs. 1,15,70,240 charged in 2009-10 and Rs. 1,03,19,190 charged in 2010-11, ought to be refunded along with interest @ 9% per annum.

Recommendations:

In view of the forgoing determinations, the Committee makes the following recommendations:

- (a) The school ought to refund the arrear fee and hiked tuition fee of 2009-10, to the tune of Rs.2,41,24,674 alongwith interest @ 9% per annum from the date of collection to the date of refund.**



Mount Carmel School, Anand Niketan, New Delhi-110021

375
(b) Out of the arrears of development fee charged for the period 01/09/2008 to 31/03/2009, the school ought to refund Rs. 770 per student along with interest @ 9% per annum from the date of collection to the date of refund.

(c) The school ought to refund the amount of Rs. 1,15,70,240 charged as development fee in 2009-10 and Rs. 1,03,19,190 charged in 2010-11 along with interest @ 9% per annum from the date of collection to the date of refund.

Recommended accordingly.

Sd/-

Sd/-

Sd/-

CA J.S. Kochar
Member

Justice Anil Dev Singh (Retd.)
Chairperson

Dr. R.K.Sharma
Member

Dated: 05/05/2014

TRUE COPY

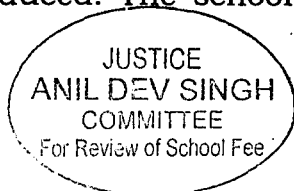



Secretary

376

In reply to the questionnaire sent by the Committee to the school by email on 27/02/2012, the school vide its letter dated 02/04/2012, submitted that it had implemented the VI Pay Commission report w.e.f. 01/07/2009. However, the arrears of salary consequent to implementation of the report had not been paid to the staff as the arrears of fee were not recovered from the students. With regard to hike in regular fee, the school stated that it had not hiked any fee in pursuance of order dated 11/02/2009 issued by the Director of Education. On the basis of this reply, the school was placed in Category 'C'.

The Committee vide its letter dated 16/04/2012 required the school to produce on 30/04/2012, its fee records and its books of accounts, as the school had claimed not to have hiked any fee in pursuance of the aforesaid order of the Director of Education. However, the Committee received a request letter from the school asking for more time on grounds of illness of its accountant. Accordingly the school was advised to produce the required records on 07/05/2012. However, no one appeared on this date. Vide letter dated 21/09/2012, the Committee afforded final opportunity to the school to produce the required records on 08/10/2012. On this date, Sh. Harender Kumar Yadav appeared in the office of the Committee and produced some of the records. However, fee receipt books were not produced. The school was given another opportunity to produce



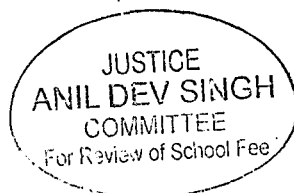
Chhotu Ram Public School, Bakhatawarpur, Delhi-110036

377

the same on 19/10/2012, on which date they were produced and verified by the audit officer of the Committee.

The records produced by the school were examined by Sh. N.S. Batra, Audit Officer of the Committee, and he observed as follows:

- (a) Contrary to the claim of the school of not having hiked any fee in 2009-10, the school had actually hiked the fee substantially. Similarly in 2010-11 also, the school made substantial increase in its fee. He observed that the fee schedules of the school reflected that the fee for the student of class I to V was hiked from Rs. 450 per month to Rs. 600 per month in 2009-10, which was further hiked to Rs. 800 per month in 2010-11. Thus there was a compound hike in fee by 33.33% in the two years. Similarly for classes VI to VIII, the fee was hiked from Rs. 500 per month to Rs. 700 per month in 2009-10 and again to Rs. 1000 per month in 2010-11. The hike in 2009-10 amounted to 40% and in 2010-11 to 42.8%. The hikes effected in fee in the two years were even more than the maximum hike permitted by order dated 11/02/2009 issued by the Director of Education.
- (b) The school had implemented the VI Pay Commission report in the year 2009-10 so far as it appeared from its pay bill register.

TRUE COPY


Secretary

Chhotu Ram Public School, Bakhatawarpur, Delhi-110036

378 The observations of the audit officer were endorsed by the Principal of the school by recording on the observation sheet as follows:

"Above observations are as per our record and we agree".

In order to provide an opportunity of being heard by the Committee, the school was issued a notice dated 11/02/2014, to appear before the Committee on 07/03/2014 which was postponed to 13/03/2014. A questionnaire ^{to} eliciting information specifically about receipt of development fee, its utilisation and maintenance of development fund and depreciation reserve fund, was issued to the school.

On the date of hearing, Sh. Harender Kumar Yadav, Principal appeared with Sh. Manish Kumar and Sh. S.K. Tripathi, teachers of the school. They also filed reply to the questionnaire regarding development fee contending that the same was not charged by the school. With regard to implementation of VI Pay Commission report, the representatives of the school reiterated that the same was implemented w.e.f. 01/07/2009. The Committee examined the books of accounts of the school and found that even after the purported implementation of VI Pay Commission report from July 2009, the school continue to paid the salary to the entire staff in cash. On a query by the Committee regarding deduction of TDS, the representatives admitted that no TDS was deducted from the salaries

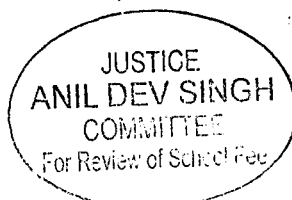
JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

Chhotu Ram Public School, Bakhatawarpur, Delhi-110036

379
even after implementation of VI Pay Commission report. In fact he conceded that the TDS account number (TAN) was obtained by the school only 2012.

Discussion , Determination & Recommendation:

The Committee has considered the annual returns filed by the school under Rule 180 of Delhi School Education Rules, 1973, the replies to the two questionnaire issued by it, the observations of the audit officer and the submissions made by the school during course of hearing. The Committee is of the view that the school, in fact, did not implement the VI Pay Commission report and has shown its implementation only in papers. This is for the reason that even after the purported implementation of VI Pay Commission report, when the salaries of the staff went up phenomenally, the school continued to pay them in cash. The school has hardly any transactions in its bank account. Further, after implementation of VI Pay Commission report, the salaries of the staff became taxable and the school did not deduct any TDS. The school did not even obtain TAN till 2012, as admitted by the Principal of the school during the course of hearing. The observation of the audit officer of the Committee that the school implemented the VI Pay Commission is not correct and is found to be made without appreciating the relevant facts. In view of this finding, the Committee is of the view that the school was not justified at all in hiking the fee in 2009-10 as well as in 2010-11 by as much as 33% to



W

Chhotu Ram Public School, Bakhatawarpur, Delhi-110036

40%. The following table shows the fee hiked by the school in 2009-10 and 2010-11.

2009-10

Class	Monthly Fee in 2008-09	Monthly Fee in 2009-10	Increase in monthly Fee (actual)	Permissible increase (10%)	Unjustified increase per month (refund recommended)
I to V	450	600	150	45	105
VI to VIII	500	700	200	50	150

2010-11

Class	Monthly Fee in 2009-10	Refund recommended out of fee of 2009-10	Base fee of 2009-10	Permissible increase (10%)	Fee that ought to have been charged in 2010-11	Actual fee charged in 2010-11	Unjustified increase per month (refund recommended)
I to V	600	105	495	50	545	800	255
VI to VIII	700	150	550	55	605	1000	395

The unjustified hike in fee as reflected in the last column of the above two tables for 2009-10 and 2010-11 ought to be refunded along with interest @ 9% per annum from the date of collection to the date of refund.

Recommended accordingly.

Sd/-
CA J.S. Kochar
Member

Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated: 11/04/2014

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

5

TRUE COPY

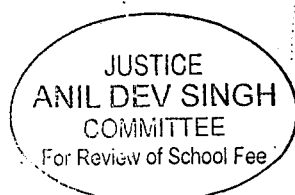
Secretary

Delhi International School (Formerly Green Vales Public School),
Sector-3, Rohini, Delhi-110085

381

The school had not replied to the questionnaire sent by the Committee to the school by email on 27/02/2012 which was followed by a reminder dated 27/03/2012. However, the annual returns filed by the school under Rule 180 of Delhi School Education Rules 1973 were received from the office of Dy. Director of Education, Distt. North West-B of the Directorate of Education. On prima facie examination of the records, it appeared that the school had neither implemented the VI Pay Commission Report nor increased the fee as per order dated 11/02/2009 issued by the Director of Education. On the basis of this reply, the school was placed in Category 'C'.

The Committee vide its letter dated 13/07/2012 required the school to produce its fee and salary records, besides its books of accounts and bank statements. The school was also required to submit its reply to the questionnaire dated 27/02/2012 issued by the Committee, on 26/07/2012. No one appeared on this date nor any records were caused to be produced. However, two letters dated 26/07/2012 were filed at the dak counter of the Committee which were signed by Ms. Archana Sharma, Headmistress of the school. In the first letter, it was stated that the school building was under construction and therefore it was not possible to produce the records. A request was made to grant 15-20 days time for production of the required records. **In the second letter, the school stated that due to low strength of students and shortage of funds, VI Pay**



1

TRUE COPY

Secretary

Delhi International School (Formerly Green Vales Public School),
Sector-3, Rohini, Delhi-110085

382
Commission had not been implemented but it was under consideration and would be implemented shortly.

As requested by the school, a fresh date i.e. 16/08/2012 was given to the school for production of records for verification by the Committee. On this date, Ms. Archana Sharma, the Headmistress of the school appeared and produced the required records which were examined by the sh. A.K. Vijh, audit officer of the Committee. The school also filed reply to the questionnaire issued by the Committee stating that it had neither implemented the VI Pay Commission report nor increased the fee in terms of order dated 11/02/2009 issued by the Director of Education. The audit officer of the Committee, after examining the records of the school observed as follows:

- (a) The school had submitted two sets of fee structures along with its annual returns. A third set was filed by the school during the course of examination of its records. As per the revised fee structure filed during the course of verification, the school had increased the fee in 2009-10 by Rs. 214 per month for classes I to V, which amounted to an increase of 20.87%. For classes VI to VIII, the fee was hiked by Rs. 215 per month which in percentage terms was a hike of 19.72%. Further, in 2010-11 again, the school resorted to a hike of Rs. 252 per month (19.73%) for classes I to V and Rs. 291



2

TRUE COPY

✓
Secretary

Delhi International School (Formerly Green Vales Public School),
Sector-3, Rohini, Delhi-110085

383

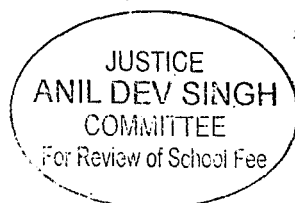
per month (21.07%) for classes VI to VIII. On verification with the fee receipts, it was found that the school was charging fee in accordance with the third fee structure filed during the course of verification.

- (b) The school had also collected arrear fees as envisaged in the aforesaid order dated 11/02/2009. However, the exact amount of arrear fee collected was not ascertained.
- (c) The school had not furnished the audit report for F.Y. 2008-09 to 2010-11, as part of its annual returns.
- (d) The school had received some aid from its parent society in the years 2008-09 and 2010-11.
- (e) The school was also collecting development fee of Rs. 1716 and Rs. 1828 per annum in 2009-10 from students of classes I to V and VI to VIII respectively. The same was increased to Rs. 1886 and Rs. 2010 in 2010-11. The development fee was treated as income by the school.

These observations were endorsed by the Headmistress of the school by recording on the order sheet as follows:

"The above observations are made as per the records produced and I agree".

The Committee perused the observations of the audit officer and felt that the records needed to be re-examined as the observations



3

TRUE COPY

[Signature]
Secretary

Delhi International School (Formerly Green Vales Public School),
Sector-3, Rohini, Delhi-110085

384

made were ambiguous and the full amount of arrear fee charged had not been quantified. Accordingly, it directed Ms. Sunita Nautiyal, another audit officer of the Committee to re examine the records. The school was directed to produce its records on 19/10/2012 vide letter dated 04/10/2012 issued by the Committee. On this date, the Headmistress appeared with Sh. Ashok Tyagi, Accountant of the school. They were asked to explain the circumstances under which different fee structures were filed by the school at different times. The Headmistress of the school informed that the new school building was under construction and actual number of students currently studying in the school was around 20. The fee structures filed with the annual returns showed much higher fee than was actually charged as the same is shown to have been increased by 10% every year since 2001 but in actual fact, the fee was drastically reduced when the work of construction of building was started.

The audit officer observed that on the basis of revised fee structure which represents the actual fee charged by the school, the school had increased tuition fee by Rs. 200 per month for all the classes, in terms of order dated 11/02/2009 issued by the Director of Education. However, the school had not implemented the VI Pay Commission due to sharp increase in the number of students. The representative of the school was advised to submit in writing the difference in the two type of fee structures and also furnish details of



4

TRUE COPY

Secretary

Delhi International School (Formerly Green Vales Public School),
Sector-3, Rohini, Delhi-110085

285

arrear fee recovered from the students as the same could not be culled out from its financials on account of the fact that no separate account for arrear fee was maintained.

The school submitted a letter dated 26/10/2012, which again was very vague. It stated that the school has raised the fee as per the directions of the Directorate of Education but had not realised the increased fee from the students due to parents protest. Further, the school had not realised full arrears from the students.

In order to provide an opportunity of being heard by the Committee, the school was issued a notice dated 20/01/2014, to appear before the Committee on 11/02/2014. In order to elicit information about recovery of development fee, a questionnaire for the same was also issued.

On 11/02/2014, Sh. Ashok Tyagi and Sh. Rakesh Kumar, accountant of the school appeared with authorization from the Manager. They were heard by the Committee. They also filed reply to the questionnaire regarding development fee, which will be adverted to when we discuss the issue of development fee. It was contended as follows:

- (a) The school recovered arrear fee from about 75% students in terms of order dated 11/02/2009 issued by the Director of



5

TRUD ONLY
Secretary

Delhi International School (Formerly Green Vales Public School),
Sector-3, Rohini, Delhi-110085

386

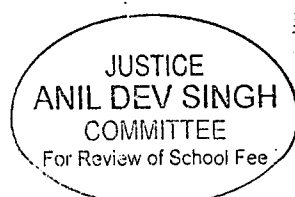
Education. However, no arrears of salary were paid to the staff.

- (b) The tuition fee was increased by Rs. 200 per month in 2009-10. However, the VI Pay Commission was not even prospectively implemented on account of shortage of funds.

The hearing was concluded and the audit officer was asked to examine the records again to quantify the arrear fee recovered from the students and the representatives of the school were asked to cooperate in the exercise. The detail of arrear fee received from the students along with fee receipt books, cash book and ledger were examined by the audit officer on 19/02/2014. She mentioned that some students had paid arrears for seven months (01/09/2008 to 31/03/2009) @ Rs. 1400, while some had paid arrears for the period 01/01/2006 to 31/08/2008 while another category of students had paid the full arrears from 01/01/2006 to 31/03/2009. In total, a sum of Rs. 2,92,650 was recovered towards arrear fee. The detail of this collection duly authenticated by the representative of the school was filed

Discussion & Determination:

The school has tried its best to hoodwink the Committee by putting forth different stands at different times. Earlier also, it has admitted that it filed wrong fee schedules along with its annual

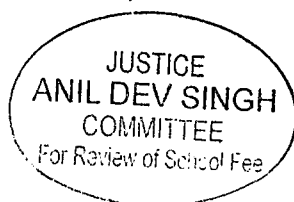


Delhi International School (Formerly Green Vales Public School),
Sector-3, Rohini, Delhi-110085

387
returns. The conduct of the school is most reprehensible. The curx that emerges out on examination of the annual returns, fee schedules, books of accounts and the submissions made before the Committee can be summarized as follows:

- (a) The school did not implement the VI Pay Commission report even prospectively. It admits having not paid any arrears of salary.
- (b) The non implementation of VI Pay Commission, however, did not stop the school from taking advantage of the order dated 11/02/2009 issued by the Director of Education, permitting the school to collect lump sum arrears of fee, besides hiking the fee prospectively.
- (c) The school apparently utilised the arrear fee and the hiked fee for partly financing the construction of the new building.

The Committee is therefore of the view that the school was wholly unjustified in recovering the arrear fee amounting to Rs. 2,92,650 and hiking the regular monthly fee by Rs. 200 per month, in excess of the tolerance limit of 10%, w.e.f. 01/04/2009. The same ought to be refunded along with interest @ 9% per annum. Further, the school again resorted to a hike of about 20% in 2010-11. This hike also was unjustified in so far as it exceeded the tolerance limit of 10%. The same ought also be refunded along with interest @ 9% per



Delhi International School (Formerly Green Vales Public School),
Sector-3, Rohini, Delhi-110085

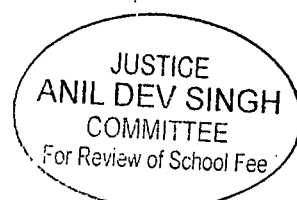
288
annum. As the unjustified hikes in fee in 2009-10 and 2010-11 would also form part of the fee for the subsequent years, there would be a ripple effect in the fee of those years and the fee for subsequent years to the extent they are relatable to the unjustified hike of 2009-10 and 2010-11, ought also be refunded along with interest @ 9% per annum.

Development Fee:

In reply to the questionnaire regarding development fee which was issued by the Committee, the school admitted that it had been collecting development fee since 2006-07. The aggregate collection in 2009-10 amounted to Rs. 1,92,832 and Rs. 1,69,705 in 2010-11. The school has further admitted that it was treating the development fee as a revenue receipt and no separate development fund or depreciation reserve fund were maintained. Thus none of the pre conditions laid down by the Duggal Committee for charging development fee which were upheld by the Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583 were fulfilled. In view of this the development fee charged in 2009-10 and 2010-11 in pursuance of order dated 11/02/2009, ought to be refunded along with interest @ 9% per annum.

Recommendations:

- (1) The school ought to refund the arrear fee of Rs. 2,92,650 recovered from the students along with interest @ 9%**



Delhi International School (Formerly Green Vales Public School),
Sector-3, Rohini, Delhi-110085

per annum from the date of collection to the date of its refund.

389

(2) The school ought to refund the tuition fee of Rs. 200 per month hiked w.e.f. 01/04/2009, to the extent the hike is more than 10%, along with interest @ 9% per annum from the date of collection to the date of its refund.

(3) The school ought to refund the tuition fee hiked w.e.f. 01/04/2010, to the extent the hike is more than 10%, along with interest @ 9% per annum from the date of collection to the date of its refund.

(4) The school ought to refund the tuition fee for the years subsequent to 2010-11, to the extent it relates to the unjustified hikes of 2009-10 and 2010-11, along with interest @ 9% per annum from the date of collection to the date of its refund.

(5) The school ought to refund the development fee of Rs. 1,92,832 charged in 2009-10 and Rs. 1,69,705 charged in 2010-11 along with interest @ 9% per annum from the date of collection to the date of its refund.

Recommended accordingly
Sd/-

Sd/-

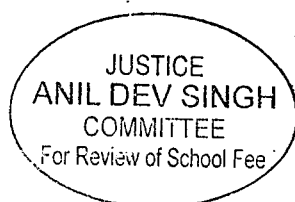
Sd/-

CA J.S. Kochar
Member

Justice Anil Dev Singh (Retd.)
Chairperson

Dr. R.K. Sharma
Member

Dated: 24/04/2014



9

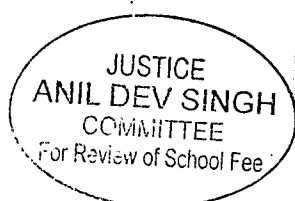
TRUE COPY

[Signature]
Secretary

God's Grace School, Okhla Embankment, New Delhi-110025

390

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).
2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.
3. On examination of the aforesaid returns by the Committee, it, prima facie, appeared that the school did not implement the recommendations of the sixth pay commission and also did not increase the fee in terms of the order of the Director of Education dated 11-02-2009. In this view of the matter the school was placed in category 'C'.



TRUE COPY

Secretary

God's Grace School, Okhla Embankment, New Delhi-110025

392

	iii. Furnish the details of payment of arrears of salary to staff consequent to implementation of the 6 th Pay Commission.	N.A.
3.	Whether the school has increased the fee of the students consequent to implementation of the 6 th Pay Commission in terms of the Order No. F.DE./15(56)/ACT/2009/778 Dated 11.2.2009 of the Director of Education.	No
4.	If answer to question no.3 is in affirmative, please provide the following information (separate sheets may be used): i. With effect from which date was the fee increased? ii. Furnish the details of fee charged from the students class wise, indicating the number of students in each class, pre and post such increase. iii. Furnish the details of arrear fee charged from the students consequent to implementation of the 6 th Pay Commission.	N.A. N.A. N.A.

5. As is apparent from the reply to the questionnaire, the school has not implemented the recommendations of the 6th Pay Commission and did not hike the fee in terms of the order of the Director of Education dated 11.02.2009.

6. The record produced by the school, in the first instance, was examined by Sh. A.K. Bhalla, Audit Officer of the Committee. He observed to the effect that:-



TRUE COPY

W
Secretary

God's Grace School, Okhla Embankment, New Delhi-110025

393

- i. According to the reply to the questionnaire the school has not implemented the recommendations of the 6th Pay Commission and had not hiked the fee.
- ii. The Fee structure for 2008-09 and 2009-10 have been checked with the Fee Statement and fee receipt books and not found to be tallied.
- iii. The school has hiked the fee 2009-10 by 20.04% to 23.37% in 2009-10 and by less than 10% in 2010-11.
- iv. The school was collecting Welfare fund and Development Fee (one time) at the time of new admissions.
- v. The salary register for the month of June 2009 and August 2009 has been checked and found to be correct.
- vi. On examination of the final accounts, it emerged that the school had not maintained its audited accounts separately from the God's Grace Foundation which contains accounts of one more school.
- vii. The school had not implemented report of the 6th. Pay Commission and disburses the salary of the staff in cash.
- viii. The school operates a bank account in the name of God's Grace Foundation.

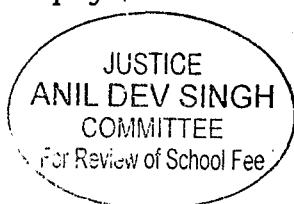
TRUE COPY

Secretary

God's Grace School, Okhla Embankment, New Delhi-110025

394

7. By notice dated 23.09.2013 the school was asked to appear on 10.10.2013 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school.
8. On the scheduled date 10.10.2013 Sh. Alim, Caretaker appeared on behalf of the school. He filed a letter of request to adjourn hearing on the ground of non-availability of the accountant of the school.
9. By a fresh notice dated 11.11.2013 the school was asked to appear before the committee on 22.11.2013 for hearing.
10. On 22.11.2013, Dr. S. Zafar Mahmood, Director General, Mr. Anshul Agrawal, C.A. and Mr. M. Alimuudin, Administrative Officer of the school appeared before the Committee. They submitted that the school did not implement the recommendations of the sixth pay commission and hiked the fee in 2009-10 in terms of the order of the Director of Education dated 11-02-2009. It was also contended that the school had charged development fee which has been treated as revenue receipt and has been utilised for the purchase of fixed assets and repayment of loans etc. The representatives of the school could not



TRUE COPY

Secretary

God's Grace School, Okhla Embankment, New Delhi-110025

395

submit the details of utilization of development fee and sought time to submit the details.

11. We have gone through the record, observations of the Audit Officer and submission of the school representatives. The Audit Officer had checked the Fee Receipt Books and Fee Registers for the academic sessions 2008-09 to and 2010-11 with the Fee Structures.

12. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during the academic sessions 2009-10 and 2010-11 :-

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I to V	567	700	133	767	67
VI	600	733	133	800	67
VII-VIII	700	833	133	900	67

13. The school has also charged Welfare Fund at the time of new admission in the following manner:-



TRUE COPY

Secretary

God's Grace School, Okhla Embankment, New Delhi-110025

396

Class	Welfare fund in 2008-09	Welfare fund in 2009-10	Welfare fund in 2010-11
I to V	1500	1600	1600
VI	1600	1700	1700
VII-VIII	2000	2200	2200

14. The school has also charged computer fee @ Rs.58/- P.M. for all the three years from all the students.

15. From the above it is manifest that the increase in fee for all classes during the years 2009-10 was in excess of the tolerance limit of 10%. In its reply to the questionnaire the school has stated that it had not implemented the recommendations of the 6th Pay Commission.

RECOMMENDATION**Re. Fee Hike**

Since the school has utilised the order of the Director of Education dated 11.02.2009 for enhancing the tuition fee without implementing the report of the 6th Pay Commission, the increase in fee in excess of the tolerance limit of 10%, was unjustified. The Committee therefore recommends that the hike in the fee effected by the school in 2009-10 in excess of 10% ought to be refunded



TRUE COPY

Secretary

God's Grace School, Okhla Embankment, New Delhi-110025

397
along with interest @9% per annum from the date of its collection to the date of its refund.

Re. Development Fee.

The school submitted the details of collection and utilisation of development fee vide its letter dated 28.11.2013, as mentioned below:-

<u>Year</u>	<u>Development Fee charged</u>
2006-07	Rs. 1, 97,500.00
2007-08	Rs. 2, 48,700.00
2008-09	Rs. 7, 63,500.00
2009-10	Rs. 8, 69,200.00
2010-11	Rs. 8, 83,200.00

The school has submitted details of utilisation of the development fee vide its letter dated 28.11.2013. However, the development fee has been treated as revenue receipt and no separate depreciation reserve fund or development fund has been created.

In view of the Committee, the school was charging the development fee without complying with any of the pre-conditions prescribed by the Duggal Committee, which were affirmed by the Hon'ble Supreme Court in the case of Modern School Vs. Union of India & Ors. Since the Committee is examining the fee pursuant to order dated 11.02.2009 of the Director of Education. In the



TRUE COPY


Secretary

God's Grace School, Okhla Embankment, New Delhi-110025

398

circumstances, the school is liable to refund the development fee amounting to Rs.17,52,400.00 during the years from 2009-10 to 2010-11 and the same ought to be refunded along with interest @ 9% per annum from the date of its collection to the date of its refund.

Recommended accordingly.

Sd/-**J.S. Kochar
Member****Sd/-****Justice Anil Dev Singh (Retd.)
Chairperson****Sd/-****Dr. R.K. Sharma
Member**

Dated:- 28.04.2014

**TRUE COPY**


Secretary

S.N. Modern School, New Ashok Nagar, Delhi - 110 096

399

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).
2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.
3. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school had neither hiked the fee in terms of the order of the Director of Education dated 11.02.2009 nor



TRUE COPY

Secretary

S.N. Modern School, New Ashok Nagar, Delhi - 110 096

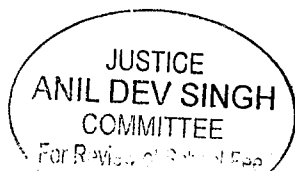
400

implemented the recommendations of the 6th Pay Commission. Accordingly, it was placed in Category 'C'.

4. With a view to verify the returns, the Office of the Committee vide its notice dated 05.09.2012 required the school to appear on 17.09.2012 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire. No one appeared on 17.09.2012. The Committee provided final opportunity to the school vide notice dated 21.09.2012 to produce its financials for verification on 08.10.2012.

5. On 08.10.2012, Shri Deepak Kumar Aggarwal, Principal and Shri Raman, Member, Managing Committee of the school attended the Office of the Committee. They submitted reply to the questionnaire and produced the record. As per the reply, the school had implemented the recommendations of the 6th Pay Commission w.e.f. 01.04.2009 and hiked the fee from the same date.

6. The record, in the first instance, was examined by Shri A.D. Bhateja, Audit Officer of the Committee. He observed to the effect that: -



TRUE COPY

Secretary

S.N. Modern School, New Ashok Nagar, Delhi - 110 096

401

- (i). The school had increased tuition fee in 2009-10 between Rs.50/- to Rs.100/- for different classes. During 2010-11, the hike was by Rs.20/- for all classes.
- (ii). The salary to the staff had been paid in cash and by cheques.
- (iii). The school claimed to have implemented the recommendations of the 6th Pay Commission w.e.f. 01.04.2009.
- (iv). The school had charged development fee between Rs.100/- to Rs.200/- at the time of new admissions and had not maintained depreciation reserve fund.

7. By notice dated 20.01.2014 the school was asked to appear on 20.02.2014 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school.

8. On 20.02.2014, Shri Deepak Kumar Aggarwal, Principal and Shri T.V.K. Raman, Member, Managing Committee of the school, appeared before the Committee and provided the records. The representatives of the school contended that the development fee had been charged and the same was treated as revenue receipt and also had been utilized for



TRUE COPY

M
S

S.N. Modern School, New Ashok Nagar, Delhi - 110 096

402

general activities of the school. Further, it was stated that neither separate development fund account nor depreciation reserve fund was maintained by the school. The school hiked tuition fee in 2009-10 from Rs.50/- to Rs.100/- per month for different classes. It was claimed that the school implemented the recommendations of the 6th Pay Commission w.e.f. 01.04.2009. However, on examination of salary record, it was observed by the Committee that monthly salary paid to the staff members during March, 2009 and March, 2010 was identical. When confronted, the representatives stated that the monthly salary at pre-implementation rates had been paid regularly by cheques but the differential salary on implementation of the report of the 6th Pay Commission was paid by way of arrears periodically in cash. The school was directed to submit its clarifications on the issue of mode of payment of the salary to the staff on the next date.

9. On the date fixed viz. 13.03.2014, no one appeared on behalf of the school. However, a request for adjournment was received in the Office of the Committee. At the request of the school, the matter was adjourned.



W

S.N. Modern School, New Ashok Nagar, Delhi – 110 096

403

10. On scheduled date viz. 23.04.2014, Shri Deepak Kumar Aggarwal, Principal and Shri T.V.K. Raman, Member, Managing Committee of the school, appeared before the Committee and contended that the differential salary due to implementation of the 6th Pay Commission was paid in cash on demand from the teachers. However, they could not substantiate their contention with any documentary proof.

11. We have gone through the record, observations of the Audit Officer of the Committee and submissions of the representatives of the school. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during the years 2009-10 and 2010-11:

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I & II	400	500	100	520	20
III to V	430	500	70	520	20
VI to VIII	450	500	50	520	20

12. From the above, it is manifest that the school has increased the fee during the years 2009-10 for classes I and II, in terms of the order of the Director of Education dated 11.02.2009, but for other classes, the hike was not in terms of the aforesaid order but marginally in excess to



TRUE COPY

Secretary

S.N. Modern School, New Ashok Nagar, Delhi - 110 096

404 the permissible limit of 10%. During 2010-11, the fee hike had been less than 10% for all classes. The school is also working on low fee base.

13. The school has claimed to have implemented the recommendations of the 6th Pay Commission.

14. The school has charged development fee per annum per student for different classes in the following manner: -

Year	Development Fee charged
2008-09	Rs.1100/- to Rs.1500/-
2009-10	Rs.1200/- to Rs.1700/-

RECOMMENDATION**Re. Fee Hike**

Though, the school has hiked the fee in 2009-10, slightly in excess of 10%, it was not much in absolute terms. The school is also working on low fee base. Therefore, the Committee feels that no intervention is required qua the aspect of fee.



TRUE COPY

Secretary

S.N. Modern School, New Ashok Nagar, Delhi - 110 096**Re. Development Fee**

405-
With regard to development fee, the Committee is of the view that the school was not complying with any of the pre-conditions prescribed by the Duggal Committee, which were affirmed by the Hon'ble Supreme Court in the case of Modern School Vs. Union of India & Ors. Therefore, in the light of the order of the Director of Education dated 11.02.2009, Duggal Committee report and the aforesaid discussions of the Hon'ble Supreme Court, development fee so collected by the school during 2009-10, ought to be refunded along with interest @ 9% per annum from the date of its collection to the date of its refund.

Recommended accordingly.

Sd/-

J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Dated:- 28.04.2014



TRUE COPY

Secretary

C-351

Homely Public School, Shakarpur, Delhi-110092

406

The school had not replied to the questionnaire sent by the Committee to the school by email on 27/02/2012 which was followed by a reminder dated 27/03/2012. However, the annual returns filed by the school under Rule 180 of Delhi School Education Rules 1973 were received from the office of Dy. Director of Education, Distt. East of the Directorate of Education. On prima facie examination of the records, it appeared that the school had neither implemented the VI Pay Commission Report nor increased the fee as per order dated 11/02/2009 issued by the Director of Education. On the basis of this reply, the school was placed in Category 'C'.

The Committee vide its letter dated 05/09/2012 required the school to produce its fee and salary records, besides its books of accounts. The school was also required to submit its reply to the questionnaire dated 27/02/2012 issued by the Committee, on 17/09/2012. However, no body appeared on behalf of the school nor any records were caused to be produced before the Committee. However, on 18/09/2012, Sh. Alok, Headmaster of the school, appeared in the office of the Committee with a request to grant 20 days time for production of records. It was stated by him that the letter of the Committee was received by the school only on 17/09/2012 at 3.00 p.m. Acceding to the request of the school, the school was asked to do the needful on 03/10/2012. On this date, Sh.

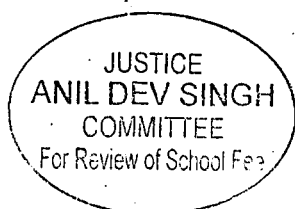


TRUE COPY

W
Secretary

407
Alok, Headmaster of the school appeared and produced the required records of the school. He also submitted reply to the questionnaire issued by the Committee.

As per the reply to the aforesaid questionnaire, submitted by the school, the school admitted that it had not implemented the recommendations of the VI Pay Commission. However, at the same time, it also contended that it had not increased the fee in accordance with order dated 11/02/2009 issued by the Director of Education. The records produced by the school were examined by Sh. A.K. Vijn, Audit Officer of the Committee. He observed that the contention of the school regarding non implementation of VI Pay Commission Report was correct. However, with regard to fee, he observed that although the school had not hiked the fee in accordance with the order dated 11/02/2009 issued by the Director, the hike in percentage terms in the year 2009-10 was 11.32% to 12.36% for different classes. He also observed that the hike in the year 2010-11 was between 7.78% and 8.44%. As regards development fee, he observed that the school was charging development fee in all the three years, the records of which were examined. Such development fee was being credited to Income & Expenditure Account, that is to say that it was treated as a revenue receipt and no development fund or depreciation reserve fund were being maintained. Sh. Alok, the Headmaster of the school recorded on the observation sheet of the audit officer, as follows:



TRUE COPY

Secretary

"The above observations are made as per the records produced and we agree".

408
In order to provide an opportunity of being heard by the Committee, the school was issued a notice dated 25/07/2013, to appear before the Committee on 29/08/2013. As the school was found to have charged development fee also, besides tuition fee, a questionnaire eliciting information specifically about receipt of development fee, its utilisation and maintenance of development fund and depreciation reserve fund, was issued to the school.

On the date of hearing, no body appeared on behalf of the school nor was any communication received from the school. On checking the status of the notice sent by speed post, its service on the school could not be verified as the details of service were not found on the website of India Post. Accordingly, another notice dated 20/09/2013, fixing the hearing on 26/09/2013, was issued by the Committee for providing another opportunity to the school. On this date also, no appearance was made on behalf of the school nor was any communication received by the Committee. The service of this notice was verified from the website of the India Post and it was found that the notice had been delivered to the school on 21/09/2013. In the circumstances, the Committee concluded that the school did not wish to be heard in the matter and accordingly the hearing was closed.



TRUE COPY


Secretary

Tuition Fee

409 The Committee observes that the tuition fee hiked by the school in 2009-10 was as follows:

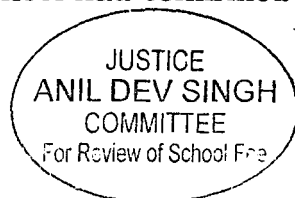
Class	Tuition Fee in 2008-09(Rs.)	Tuition Fee in 2009-10(Rs.)	Increase in 2009-10(Rs.)	Percentage increase
I to V	350	400	50	14.29%
VI to VIII	400	450	50	12.50%

The school has admitted that it has not implemented the VI Pay Commission Report in its reply to the questionnaire as also during the course of verification of records by the audit officer.

The Committee notes that although the tuition fee hike by the school is a little more than 10% which the Committee has found to be reasonable, taking into account the inflationary pressure, the hike in absolute terms was not much. The Committee is, therefore, of the view that in so far as tuition fee is concerned, no intervention is required in the matter.

1. Development Fee

The observations of the audit officer of the Committee were that the school was charging development fee in all the three years, the records of which were examined. He further observed that the school was treating the development fee as a revenue receipt and no earmarked development fund was maintained. The Headmaster of the school had confirmed the observations of the auditor. The Committee

**TRUE COPY**

M
Secretary

410
has also perused the financials of the school for the years 2008-09, 2009-10 and 2010-11 and observes that the school had indeed treated development fee as a revenue receipt and the following amounts were credited to the Income & Expenditure Account in respect of development fee.

Year	Amount (Rs.)
2008-09	30,350
2009-10	14,500
2010-11	32,400

The Committee also notes that the development fee was utilised for meeting routine revenue expenses of the school. The Committee is of the view that since the school was not fulfilling any of the pre conditions for charging of development fee, prescribed by the Duggal Committee which were affirmed by the Hon'ble Supreme Court in the case of Modern School vs. Union of India & ors. (2004) 5 SCC 583, the school was not justified in charging the development fee. The same charged in the years 2009-10 and 2010-11, in pursuance of order dated 11/02/2009, ought to be refunded along with interest @ 9% per annum.

Recommendations:

In view of the foregoing discussions, so far as tuition fee is concerned, no intervention is required. However, the



development fee collected by the school amounting to Rs. 14,500
in 2009-10 and Rs. 32,400 in 2010-11, ought to be refunded
along with interest @ 9% per annum.

411
Recommended accordingly.

Sd/-

Sd/-

Sd/-

Dr. R.K. Sharma
Member

CA J.S. Kochar
Member

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 25/11/2013



TRUE COPY


Secretary

Bhai Lalo Public School, Geeta Colony, Delhi-110031

1/12
The school had not replied to the questionnaire sent by the Committee to the school by email on 27/02/2012 which was followed by a reminder dated 27/03/2012. However, the annual returns filed by the school under Rule 180 of Delhi School Education Rules 1973 were received from the office of Dy. Director of Education, Distt. East of the Directorate of Education. On prima facie examination of the records, it appeared that the school had neither implemented the VI Pay Commission Report nor increased the fee as per order dated 11/02/2009 issued by the Director of Education. Accordingly, the school was placed in Category 'C'.

The Committee vide its letter dated 05/09/2012 required the school to produce its fee and salary records, besides its books of accounts on 17/09/2012. The school was also required to submit its reply to the questionnaire dated 27/02/2012 issued by the Committee,. On the scheduled date, Sh. Kuldeep Singh, Asstt. Manager of the school appeared and informed the office of the Committee that the required records had been submitted by the school to the Dy. Director of Education, East Delhi for onward submission to this Committee. He was advised to submit the records directly to this Committee. On 21/09/2012, Mrs. Satwinder Kaur, Headmistress of the school appeared and filed the required statements and also produced the records of the school. She also submitted reply to the questionnaire issued by the Committee.

TRUE COPY

413
As per the reply to the aforesaid questionnaire, the school conceded that it had not implemented the recommendations of the VI Pay Commission. However, at the same time, the school had not hiked the fee in accordance with order dated 11/02/2009 issued by the Director of Education.

The records produced by the school were examined by Sh. A.K. Bhalla, Audit Officer of the Committee. He observed that:

- (a) The school had not filed Receipt and Payment accounts and audit reports for any year.
- (b) Besides charging fee under the usual heads, the school was also charging building fund w.e.f. 01/04/2010.
- (c) The school had not produced the fee receipt books of annual charges, examination fee, activity fee, registration fee and building fund for any of the years. The school was apparently maintaining separate fee books for fee charged under these heads. However, the fee registers showing collection under these heads were produced which tallied with the fee schedule filed by the school.
- (d) In 2009-10, the school had hiked the tuition fee at different rates ranging from Rs. 45 per month to Rs. 100 per month from the students of different classes. The hike in percentage terms was between 15.25% and 29.41 %. However, there was no hike in fee under the heads computer fee, pupils fund, annual charges, examination fee and activity charges.

**TRUE COPY**

Secretary

- 414
- (e) In 2010-11, the school increased the fee which ranged between Rs. 97 per month to Rs. 147 per month for different classes, the hike in percentage terms 14.92 % to 26.50%.
- (f) The figures of tuition fee as appearing in the Income & Expenditure Accounts of the school did not tally with the corresponding figures in the ledger of the school.
- (g) The total of assets and liability side of the balance sheet as on 31/303/2009 were not tallied and there was a difference of Rs. 3,06,560 which was not explained.

In order to provide an opportunity of being heard by the Committee, the school was issued a notice dated 20/01/2014, to appear before the Committee on 12/02/2014. A questionnaire for eliciting information specifically about receipt of development fee, its utilisation and maintenance of development fund and depreciation reserve fund, was also issued to the school.

On the date of hearing, Sh. Manohar Singh Sandhu, Vice Chairman and Sh. Sarvjeet Singh, Secretary of the school appeared and were heard. Reply to the questionnaire regarding development fee stating that the school was not charging any development fee was also filed. During the course of hearing, the representatives of the school filed fee structures for the years 2008-09, 2009-10 and 2010-11 and it was contended that though the school had hiked fee in excess of 10%, in absolute terms, the hike was not much as the school operates on a very low fee base. It was also contended that the school give freeship to a large number of students. It was conceded that in 2010-11, the school



415
 charged building fund @ Rs. 200 per annum from the old students and Rs. 750 per annum from the new students. The school was confronted with the balance sheet as on 31/03/2009 which showed incorrect totals, despite being signed by a Chartered Accountant, for which the representatives could offer no explanation.

Discussion, Determination and Recommendation:

The Committee has examined the returns filed by the school under rule 180 of Delhi School Education Rules, 1973, replies to the two questionnaires filed by the school, the observations of the audit officer. The Committee has also heard the oral contentions of the representatives of the school.

Before proceeding further, the contention of the school that though the hike in fee was in excess of 10%, the same was not excessive as the school operates on a low fee base and offers freeship to a large number of students as the school is run under the aegis of a Gurudwara needs to be noticed. The monthly tuition fee charged by the school in 2008-09, 2009-10 and 2010-11 are tabulated below in order to appreciate the argument better:

Class	Monthly Fee in 2008-09 (Rs.)	Monthly Fee in 2009-10 (Rs.)		Monthly Fee in 2010-11 (Rs.)			
		Increase (Rs.)	Increase %age	Increase (Rs.)	Increase %age		
I to V	350	395	45	12.85%	450	55	13.92%
VI	395	495	100	25.32%	550	55	11.11%
VII & VIII	395	495	100	25.32%	600	105	21.21%



TRUE COPY

Secretary

416
It is evident from the above table that while the fee hike for classes I to V was marginally in excess of 10% in both 2009-10 and 2010-11, the hike in fee for classes VI to VIII was neither low in absolute terms nor in percentage terms. The school has furnished no details of the number of students being offered freeships either in its annual returns or during the course of verification of records by the audit officer or during the course of hearing before the Committee. In the absence of such details, the Committee cannot accept the contention of the school in this regard. The higher percentage increases worked out by the audit officer are on account of his taking the figures of fee under various heads recovered on annual basis in the calculations. Since the fee under the heads annual charges, examination fee and activity charges recovered on annual basis are very reasonable and nominal amounts, the same ought not to have been taken in to account while working out the percentage increases.

So far as the recovery of building fund of Rs. 200 per annum from old students and Rs. 750 per annum from new students in 2010-11 is concerned, the Committee is of the view that the same can be treated as part of annual charges as the school was charging a nominal amount of Rs. 500 per annum towards annual charges and the amount of recovery under the head of building fund itself is nominal. The Committee is persuaded to hold this view as the school had clearly shown building fund in its fee schedule for 2010-11 filed as part of its annual return under Rule 180 of Delhi School Education Rules, 1973. The Directorate of Education, never took objection to this levy.

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

TRUE COPY

Secretary

417
The Committee is therefore of the view that the school ought to refund the hike in fee charged from the students of classes VI to VIII in 2009-10 to the extent such hike was in excess of 10% over the fee of the previous year. This ought to be refunded along with interest @ 9% per annum. No refund need be made to the students of classes I to V as the hike was marginally in excess of 10% and was not much in absolute terms.

Recommended accordingly.

Sd/-

Dr. R.K. Sharma
Member

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 13/03/2014



TRUE COPY

M
Secretary

C-376**Anglo Indian Public School, Gharoli, Mayur Vihar Phase-III, Delhi-96**

418

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).

2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.

3. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school had neither hiked the fee in terms of the order of the Director of Education dated 11.02.2009 nor

**TRUE COPY**

W
Secretary

implemented the recommendations of the 6th Pay Commission. Accordingly, it was placed in Category 'C'.

419 4. With a view to verify the returns, the Office of the Committee vide its notice dated 22.10.2012 required the school to appear on 05.11.2012 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire. No one appeared on 05.11.2012. The Committee provided final opportunity to the school to produce its financials for verification on 07.12.2012.

5. On 07.12.2012, Shri Chander Sharma, Member of the Society appeared before the Committee. He submitted reply to the questionnaire and produced the record. As per the reply, the school had not implemented the recommendations of the 6th Pay Commission and had also not increased the fee in terms of the order of the Director of Education dated 11.02.2009.

6. The record, in the first instance, was examined by Shri N.S. Batra, Audit Officer of the Committee. He observed to the effect that: -



(i). The school had increased tuition fee in 2009-10 between 16.6% to 42.8% for different classes. During 2010-11, the hike was within 10%.

420
(ii). The salary to the staff had been paid in cash and the school had not implemented the recommendations of the 6th Pay Commission.

7. By notice dated 20.01.2014 the school was asked to appear on 20.02.2014 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school.

8. On 20.02.2014, Shri Chander Sharma, PTI of the school appeared before the Committee and filed a request for an adjournment. On his request, the matter was adjourned to 24.03.2014.

9. On 24.03.2014, Shri Jagpal Singh Kasana, Manager with Shri Ritu Raj, Accountant of the school appeared before the Committee and provided the records. The representatives of the school contended that the school had hiked the tuition fee up-to 42% in 2009-10 for different classes, which was necessary to meet the additional expenditure as the school operates on very low fee base. The school did not implement the



W
Secretary

report of the 6th Pay Commission. The school had also not charged development fee from the students. On perusal of the financials of the school, the Committee had noticed that the hike in fee in 2009-10, had yielded an additional profit to the school.

10. We have gone through the record, observations of the Audit Officer of the Committee and submissions of the representatives of the school. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during the years 2009-10 and 2010-11:

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I	300	350	50	380	30
II	300	410	110	440	30
III	330	450	120	480	30
IV	330	460	130	500	40
V	350	500	150	530	30
VI	380	510	130	550	40
VII	410	530	120	580	50
VIII	480	580	100	610	30

11. From the above, it is manifest that the school has increased the fee during the years 2009-10, more than the maximum hike permitted vide order of the Director of Education dated 11.02.2009. During 2010-11, the fee hike had been within 10%.

12. The school has not implemented the recommendations of the 6th Pay Commission.

TRUE COPY

Page 4 of 5



Secretary

13. From the record filed before us, it appears that the school has not charged development fee from the students.

RECOMMENDATION

Re. Fee Hike

422
Since the school has utilised the order of the Director of Education dated 11.02.2009 for enhancing the tuition fee, without implementing the recommendations of 6th Pay Commission, we are of the view that the increase in fee in excess of the tolerance limit of 10%, was unjustified. Therefore, the committee recommends that the fee hike effected by the school in the year 2009-10 in excess of 10% ought to be refunded along with interest @9% per annum from the date of its collection to the date of its refund.

Since, the fee hiked in 2009-10 is also part of the fee for the subsequent years, there would be a ripple effect in the subsequent years and the fee of the subsequent years to the extent, it is relatable to the fee hiked in 2009-10 ought also to be refunded along with interest @9% per annum from the date of its collection to the date of its refund.

Recommended accordingly.

Sd/-
J.S. Kochar
Member

Dated:- 22.04.2014

Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

TRUE COPY

Page 5 of 5



M
Secretary

Sardar Patel Modern School, Gharoli, Mayur Vihar Ph.-III, Delhi-96

- 123
1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).
 2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.
 3. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school neither had implemented the recommendations of the 6th Pay Commission nor increased the fee in terms of the order of the Director of Education dated 11-02-2009. In this view of the matter the school was placed in category 'C'.



TRUE COPY

Secretary

C-379Sardar Patel Modern School, Gharoli, Mayur Vihar Ph.-III, Delhi-96

124
4. With a view to verify the returns, the Office of the Committee vide its notice dated 22.10.2012 required the school to appear on 06.11.2012 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire.

5. On 06.11.2012, the Office of the Committee received a letter from the Manager of the school requesting for some more time to produce the records. The school was directed to produce the records on 20.11.2012. On 20.11.2012, the Manager of the school, through phone, requested to postpone the verification to the next day i.e. 21.11.2012, but no one appeared on 21.11.2012 also. The Manager of the school vide letter dated 22.11.2012, again requested for another date for the verification of records. The school was provided final opportunity to produce its record on 06.11.2012 for verification.

6. On 06.11.2012, Shri Bhushan Sharma, TGT of the school attended the Office of the Committee and produced the records. The record produced by the school, in the first instance, was examined by Shri A.K. Bhalla, Audit Officer of the Committee. He observed to the effect that:-



W
Secretary

Sardar Patel Modern School, Gharoli, Mayur Vihar Ph.-III, Delhi-96

- 425
- (i). The school has filed reply to the questionnaire. As per the reply, the school has neither implemented the report of the 6th Pay Commission nor increased the fee in terms of the order of the Director of Education dated 11.02.2009.
 - (ii). As per fee structure, the school has hiked the fee within 10% per month for all classes in 2009-10. During 2010-11, there was no fee hike in respect of classes I to V but for classes VI to VIII, the fee hike was by 15.38%.
 - (iii). On scrutiny of fee receipts for 2008-09 to 2010-11, it was found that the school was charging examination fee as well as computer fee, which were not reflected in the fee schedules filed by the school. If these were taken into account, the fee hike in 2009-10 would be to the tune of 23.34%.
 - (iv). The salary to the staff has been paid in cash as per pre-revised scales.
 - (v). The school did not have a bank account
 - (vi). Certain discrepancies were found in the books of accounts i.e. cash book and ledger and the fees reflected therein did not tally with the fee that ought to have been recovered considering the number of students and the rates of fee.



Sardar Patel Modern School, Gharoli, Mayur Vihar Ph.-III, Delhi-96

426

The observations of the audit officer were endorsed by the representative of the school by recording on the note sheet as follows:

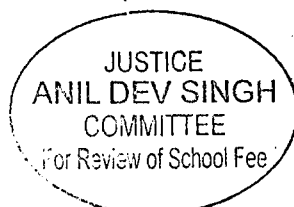
"I agree with the above observations which are based on the records of the school" (English translation)

7. By notice dated 20.01.2014, the school was asked to appear on 17.02.2014 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school.

8. On 17.02.2014, no one appeared before the Committee. However, a letter was received from the school requesting for another date. Accordingly, the hearing was postponed to 06.03.2014.

9. On 06.03.2014, Shri Bhushan Sharma, Member M.C. and Shri Satbir Singh, Accountant of the school appeared before the Committee and produced the records. It was contended that: -

(a). The school had not implemented the report of the 6th Pay Commission.

TRUE COPY

[Signature]
Secretary

Sardar Patel Modern School, Gharoli, Mayur Vihar Ph.-III, Delhi-96

- 427
- (b). The school had hiked the fee in 2009-10 by Rs.100/- per month for all classes as per order of the Director of Education dated 11.02.2009.
- (c). The school filed reply to the questionnaire regarding development fee. As per reply, the school did not charge development fee from the students.

10. The Committee has examined the annual returns of the school filed under Rule 180 of the Delhi School Education Rules, 1973, the observations of the Audit Officer of the Committee, based on verification of the records produced by the school, the acceptance of these observations by the representative of the school and the concession made by the representatives of the school during the course of hearing before the Committee. The Committee is of the view that the school, not only hiked the tuition fee in excess of the tolerance limit of 10% but also recovered examination fee and computer fee, unauthorisedly as these were not part of the fee schedules filed by the school under section 17(3) of the Delhi School Education Act, 1973 and the returns under Rule 180 of the rules. The schools are forbidden to charge any fee unless the same has been reported to the Director of Education in terms of the provisions of section 17(3) aforesaid. With regard to tuition fee, the position that has



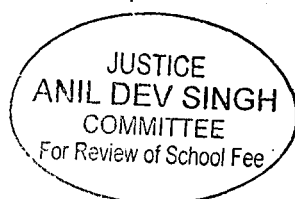
TECHNICAL
M

Sardar Patel Modern School, Gharoli, Mayur Vihar Ph.-III, Delhi-96

428 emerged in so far as the fee for the year 2009-10 vis-a-vis the fee for the year 2008-09 is as follows:

Class	Monthly Fee during 2008-09 (Rs.)	Monthly Fee during 2009-10 (Rs.)	Increase in 2009-10 (Rs.)	Percentage Increase
I & II	370	470	100	27.02%
III to V	390	490	100	25.64%
VI to VIII	410	510	100	24.39%

11. From the above, it is manifest that the school has increased the tuition fee during the year 2009-10 in terms of order of the Director of Education dated 11.02.2009. The hike was not justified in view of the admitted position the school did not implement the recommendations of the 6th Pay Commission. The Committee is therefore of the view that the hike in tuition fee in 2009-10, in so far as it exceeds the tolerance limit of 10%, ought to be refunded along with interest @ 9% per annum from the date of collection to the date of refund. Besides, there would be a ripple effect in the fee for the subsequent years on account of the refund out of fee for 2009-10. Hence, the fee for the subsequent years, to the extent it is relatable to the fee that is recommended to be refunded for 2009-10,



Sardar Patel Modern School, Gharoli, Mayur Vihar Ph.-III, Delhi-96

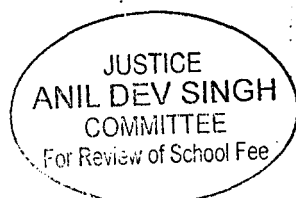
429
ought also be refunded along with interest @ 9% per annum, from the date of collection to the date of refund.

12. As observed by the audit officer and also accepted by the representative of the school, who produced the records for verification, the school charged a sum of Rs. 102 per month by way of examination fee and computer fee from students of all the classes. Since these were not reflected in the fee schedules filed under section 17(3) of the Delhi School Education Act, 1973, the charge of the same was illegal and therefore ought to be refunded along with interest @ 9% per annum from the date of collection to the date of refund.

RECOMMENDATIONS:

In view of the foregoing discussion and determination, the Committee recommends as follows:

1. The tuition fee hiked in 2009-10, to the extent the hike exceeds 10%, ought to be refunded along with interest @ 9% per annum from the date of collection to the date of refund.
2. The fee for the years 2010-11 onwards, to the extent it is relatable to the fee for 2009-10 that is recommended to be

**TRUE COPY**

Secretary

Sardar Patel Modern School, Gharoli, Mayur Vihar Ph.-III, Delhi-96

refunded as above, ought also be refunded along with interest @ 9% per annum from the date of collection to the date of refund.

3. The examination fee and computer fee charged in 2009-10 and subsequent years, which have not been reported to the Director of Education as required under section 17(3) of the Delhi School Education Act, 1973, ought to be refunded along with interest @ 9% per annum from the date of collection to the date of refund.

Recommended accordingly.

Sd/-

J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Dated: -22/04/2014



TRUE COPY

Secretary

Bharat National Public School, Ram Vihar, Karkardooma,**Delhi-110092**

131
Initially, the school had not submitted its reply to the questionnaire dated 27/02/2012 issued by the Committee, which was followed by a reminder dated 27/03/2012. The school had also not submitted copies of the complete returns filed by it with the Director of Education under Rule 180 of the Delhi School Education Rules, 1973 (DSER). The Committee vide its letter dated 25/05/2012 required the school to submit copies of complete returns. However, the school did not respond to the same. The school was provisionally placed in category 'C' as no definite opinion could be formed as to whether the school had hiked the fee in terms of order dated 11/02/2009 or had implemented the VI Pay Commission report.

The Committee issued another letter dated 22/10/2012, requiring the school to produce on 06/11/2012, its books of accounts, bank statements, fee and salary records, besides its annual returns under Rule 180 of the DSER. The school was also directed to submit its reply to the questionnaire dated 27/02/2012, issued by the Committee. The office of the Committee received a call from the school requesting for another date to be given. The school was accordingly asked to produce the required records on 20/11/2012.

On the scheduled date, Sh. Kanwaljeet Khungar, Principal of the school appeared and produced some of the required records. He



1

TRUE COPY

Secretary

432
also filed reply to the questionnaire dated 27/02/2012 issued by the Committee. As per the reply, the school had implemented the VI Pay Commission Report w.e.f. April 2009 prospectively. No arrears of salary for the period 01/01/2006 to 31/03/2009 were paid to the staff. It was also stated that the school had not charged the arrear fee from the students. With regard to regular fee, it was stated that the school had hiked the same w.e.f. April 2009 in terms of the order dated 11/02/2009 issued by the Director of Education.

The remaining records were produced by the Principal of the school on 05/12/2012. The records produced by the school were examined by Sh. A.K. Bhalla, audit officer of the Committee. He observed as follows:

- (a) The school had partially implemented the recommendations of the VI Pay Commission w.e.f. 01/04/2009, in as much as transport allowance and HRA had not been paid to the staff from 01/04/2009. However, HRA was paid from 01/04/2010 onwards
- (b) The fee structures filed by the school with the Director of Education did not reflect fee under all the heads which was actually charged by the school. Certain components of the fee like NIE, Science fee, swimming fee, theme project fee had not been mentioned in the fee schedule.
- (c) The school had hiked the fee in 2009-10 which ranged from Rs. 282 per month to Rs. 640 per month for different classes.



TRUE COPY

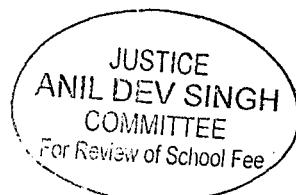
Secretary

The hike in fee 2010-11 was in the range of 9.68% and 23.82% for different classes.

433
In order to provide an opportunity of hearing to the school, the Committee issued notice dated 20/01/2014 for hearing on 17/02/2014. A questionnaire was also issued to the school to elicit information about the receipt and utilisation of development fee. On the aforesaid date, Sh. Kanwaljeet Khungar, Principal of the school appeared before the Committee, along with Sh. Mahesh Kumar, Administrative Coordinator. They were heard by the Committee. They made the following submissions:

Submissions:

- (a) The school partially implemented the VI Pay Commission report w.e.f. 01/04/2009 in as much as only the basic pay and DA was paid as per the recommendations of the Pay Commission. Further DA was not paid to all the staff members.
- (b) With effect from 01/04/2010, the school started paying HRA also but the travelling allowance was not paid on the ground that the staff was provided transport facility.
- (c) Although the school had surplus fund of its own, they were not utilised for implementation of VI Pay Commission report as they were earmarked for construction and upgradation of building.



434 (d) The school hiked the fee in 2009-10 and 2010-11 but neither collected any arrear fee nor paid any arrear salary which was payable on account of retrospective application of VI Pay Commission report w.e.f. 01/01/2006.

(e) The school did not charge any development fee.

The hearing was concluded with liberty to the school to file within one week, the details of its accrued liabilities for gratuity and leave encashment as on 31/03/2010, if the same were payable. On 24/02/2014, the school filed a letter stating that the school was functioning since 1994 and at present about 27 teachers and other staff members had completed more than 10 years service and gratuity would be payable to them if they left the service. This amount would come into lacs. Apart from gratuity, the school also had to pay leave encashment to the staff on their retirement. Therefore part of the surplus had been kept aside for development of building while partly it was kept aside for gratuity and leave encashment.

Discussion and determination:

The Committee has perused the returns of the school filed under Rule 180 of the Delhi School Education Rules, 1973, its reply to the questionnaire, the observations of the audit officer and the submissions made by the representatives of the school during the course of hearing. On consideration of the totality of the facts, the Committee is of the view that although the school did not fully implement the VI Pay Commission Report, as observed by the audit



4

TRUE COPY


Secretary

435
 officer and also confirmed by the representatives of the school, the school did partially implement the VI Pay Commission report and the payment of salary was made through banking channels. The Committee does not doubt the factum of payment of increased salary by the school and therefore, the Committee has to examine the additional burden on the school on account of partial implementation of VI Pay Commission report vis a vis the funds available with the school in order to determine whether the school was justified in increasing the fee w.e.f. 01/04/2009 and 01/04/2010 which it admittedly did.

As the fee was hiked by the school w.e.f. 01/04/2009, the funds position has to be determined with reference to the audited Balance Sheet of the school as on 31/03/2009. The following position emerges from the aforesaid Balance Sheet:

Statement showing Fund available as on 31-03-2009			
	Particulars	Amount (Rs.)	Amount (Rs.)
	Current Assets + Investments		
	Cash in hand	133,545	
	Cash at Bank	2,189,458	
	Fixed Deposits	8,860,781	
	Bharat National Edn. Society	733,074	
	Post Office	4,655	
	TDS Recoverable	19,869	11,941,382
Less:	Current Liabilities		
	Students' Refundable Caution Money	1,059,061	
	Salary Payable	250,920	
	EPF Payable	38,153	
	Sundry Creditors	171,765	
	Transport Expenses Payable	173,351	1,693,250
	Net Current Assets + Investments (Funds Available)		10,248,132

5
 JUSTICE
 ANIL DEV SINGH
 COMMITTEE
 For Review of School Fee

RECEIVED

n
 Secretary

4/36
As would be apparent from the above, the school had surplus funds to the tune of Rs. 1,02,48,132 as on the 31/03/2009. The school had contended that the funds were kept earmarked for construction/improvement to the building and therefore were not utilised for implementation of VI Pay Commission report. This contention is not acceptable as in terms of Rule 177 of the DSER, any capital expenditure can only be made out of savings from fee and such savings have to be calculated after payment of salaries. Therefore, implementation of VI Pay Commission report which would have the effect of paying increased salaries, has to be given precedence over the capital expenditure which is proposed to be incurred by the school.

However, the Committee has taken a view that the entire funds available with the school ought not to be considered as available for implementation of VI Pay Commission report and the school ought to retain funds to cover its accrued liabilities of gratuity and leave encashment, besides keeping some amount in reserve (equivalent to four months salary) for future contingencies. Despite opportunity given to the school to file details of its accrued liabilities for gratuity and leave encashment, the school did not avail of the same and gave a vague reply that there were some teachers and other staff members who were entitled to gratuity and leave encashment. No calculations were furnished by the school. The Committee is of the view that the school cannot be given any benefit for these liabilities as neither they



6
TRUE COPY


Secretary

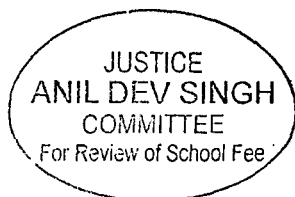
137
 have been unequivocally confirmed to exist nor they have been quantified. However, the Committee does feel that the school ought to retain funds equivalent to four months' salary for future contingencies. As per the audited Income & Expenditure account of the school for the year 2009-10, the total expenditure on salary was Rs. 2,27,37,975. Based on this, four months' salary works out to Rs. 75,79,325. The Committee, is therefore of the view that out of the total funds available with the school as on 01/04/2009 i.e. Rs. 1,02,48,132, the school could utilise a sum of Rs. 26,68,807 (1,02,48,132 - 75,79,325) for partially implementing the VI Pay Commission report.

The increased expenditure on salary in 2009-10 was to the tune of Rs.47,87,852, which is worked out as follows:

Salary in 2009-10 as per Income & Expenditure account	22,737,975
Salary in 2008-09 as per Income & Expenditure account	17,950,123
Increased Salary in 2009-10	<u>4,787,852</u>

Thus, the school needed to hike the fee to such an extent that it yielded an additional revenue of **Rs. 21,19,045** (4,787,852 - 26,68,807). However, the additional revenue generated by the school by hiking the fee amounted to Rs. 96,15,153, which is worked out as follows:

Tuition Fee in 2009-10 as per Income & Exp. Account	33,947,065
Tuition Fee in 2008-09 as per Income & Exp.	24,331,912



Account
Increased Tuition Fee in 2009-10

9,615,153

438
This was because the school hiked the fee of the students at the following rates in 2009-10:

Class	Increase in monthly Tuition Fee (Rs.)	Number of Students
I	300	180
II-XII	550	1,312

Hence, in view of the Committee, the school unjustifiably hiked the fee which resulted in generation of additional revenue to the tune of **Rs. 74,96,108** (9,615,153 - 21,19,045). We are mindful of the fact that the school started paying HRA in 2010-11 and that would have raised its requirement of funds but at the same time, as noticed by the audit officer, the school hiked the fee in 2010-11 also which ranged between 9.68% and 23.82 % for different classes. That would take care of the additional expenditure on account of HRA in 2010-11.

Recommendation:

In view of the foregoing determination, the Committee is of the view that the school ought to refund the fee hiked by it in 2009-10 to the tune of Rs. 74,96,108, along with interest @ 9% per annum from the date of its collection to the date of refund.

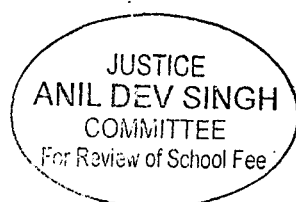
Recommended accordingly.

Sd/
CA J.S. Kochhar
Member

Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated: 22/04/2014



Rajdhani Public School, East Vinod Nagar, Delhi-110091

439

The school had not replied to the questionnaire sent by the Committee to the school by email on 27/02/2012 which was followed by a reminder dated 27/03/2012. The annual returns filed by the school under Rule 180 of Delhi School Education Rules 1973 were also not received from the office of Dy. Director of Education, of the concerned District. The Committee issued a notice dated 22/10/2012 requiring the school to produce copies of annual returns filed by it under Rule 180 of Delhi School Education Rules, 1973, its fee and salary records, besides its books of accounts and bank statements. The school was also required to submit its reply to the questionnaire dated 27/02/2012 issued by the Committee, on 08/11/2012. On this date, Ms. Seema Kalra, Manager of the school appeared and informed that the school had not filed its annual returns with the district office of the Directorate of Education. The school also filed reply to the questionnaire issued by the Committee stating that it had neither implemented the recommendations of the VI Pay Commission nor had it hiked the fee in terms of order dated 11/02/2009 issued by the Director of Education. The school was afforded another opportunity to file with the Committee copies of annual returns and to produce its relevant records on 21/11/2012. On this date, the Manager of the school again appeared and filed copies of its annual returns for the years 2006-07 to 2010-11. The school also produced its fee records and salary records besides its

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

1

TRUE COPY


Secretary

Rajdhani Public School, East Vinod Nagar, Delhi-110091

books of accounts. The records produced were examined by Sh. A.D. Bhateja, audit officer of the Committee and he observed as follows:

- 440
- (a) The school had hiked the fee during 2009-10 by Rs. 67 per month which amounted to a hike of 20.12% for classes I to V and 15.47% for classes VI to VIII. During 2010-11, the hike in fee was Rs. 50 per month which in percentage terms amounted to a hike of 11.11% to 14.28% for different classes.
 - (b) The school had collected admission fee of Rs. 500 during 2009-10 and Rs. 500/Rs. 800 in 2010-11, which was in excess of the admission fee prescribed as per order dated 11/02/2009.
 - (c) The school had not implemented the VI Pay Commission report and salary was being paid at the old rates.
 - (d) No adverse features were observed in the maintenance of the accounts.

The observations were endorsed by the Manager of the school by recording on the order sheet as follows:

"We agree with the above observations which are as per school record".

In order to provide an opportunity of being heard by the Committee, the school was issued a notice dated 20/01/2014, to



TRUE COPY


Secretary

Rajdhani Public School, East Vinod Nagar, Delhi-110091

441
appear before the Committee on 20/02/2014. A questionnaire, with a view to eliciting information specifically about receipt of development fee, its utilisation and maintenance of development fund and depreciation reserve fund, was also issued to the school.

On the date of hearing, Ms. Seema Kalra, Manager appeared along with Sh. R.G. Luthra, Chartered Accountant. They filed written submissions dated 20/02/2014 along with reply to the questionnaire regarding development fee. As per the aforesaid reply, the school stated that it did not charge any development fee. With regard to tuition fee, it was contended that although the hike in tuition fee was slightly more than 10% in 2009-10, the same was not much in absolute terms as the school operates on a low fee base. With regard to the audit observation that the fee hike was between 15.47% and 20.12% in 2009-10, the representatives of the school clarified that the audit officer had worked out the percentage hike by including the hike in annual charges also. It was contended that annual charges were hiked on account of increase in administrative cost. It was further contended that the fact that the school did not implement the VI Pay Commission should not held against it as the school also did not hike the fee in accordance with order dated 11/02/2009 issued by the Director of Education.

As the school had not produced its books of account for perusal by the Committee, the matter was adjourned to 06/03/2014 for



TRUE COPY


Secretary

Rajdhani Public School, East Vinod Nagar, Delhi-110091

442
production of books of accounts. On this date, the books of accounts were produced and examined by the Committee.

Discussion:

The school itself admits that it has not implemented the VI Pay Commission report. Therefore the only issue that is to be examined by the Committee is whether the fee hike effected by it in 2009-10 was justified or excessive. The following table shows the tuition fee hike effected by the school during 2009-10:

Class	Tuition Fee in 2008-09(Rs.)	Tuition Fee in 2009-10(Rs.)	Increase in 2009-10(Rs.)	Percentage increase
I to V	300	350	50	16.67%
VI to VIII	400	450	50	12.50%

The audit officer had worked out the fee hike as 15.47% and 20.12%. The contention of the school that the audit officer had also taken into account the hike in annual charges while working out the fee hike is correct. The annual charges were hiked by the school from Rs. 400 to Rs. 600 per annum in 2009-10. The Committee is of the view that the hike in annual charges was reasonable particularly as the amount of annual charges even after the hike was not much. Hence, only the hike in tuition fee ought to be considered by the Committee. The Committee is of the view that though the hike in tuition fee was more than the tolerance limit of 10%, in absolute

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

4

TRUE COPY


Secretary

Rajdhani Public School, East Vinod Nagar, Delhi-110091

terms, the hike was not much as it was only Rs. 50 per month. **The Committee is therefore of the view that no intervention is called for in so far as the hike in tuition fee is concerned.**

443

However, the Committee notes that the school was charging Rs. 500 as admission fee during 2009-10 and 2010-11. In 2010-11, the admission fee for classes VI to VIII was Rs. 800. The school has also accepted this fact. Vide clause no. 17 of order dated 11/02/2009, the schools are not supposed to charge admission fee in excess of Rs. 200. The school has offered no justification or explanation for charging admission in excess of Rs. 200. The Committee is of the view that the admission fee charged from the new students in excess of Rs. 200 ought to be refunded as the same was contrary to the instructions contained in the aforesaid order dated 11/02/2009.

Recommended accordingly.

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Dated: 11/04/2014

TRUE COPY

Secretary



C-399Yog Bharti Public School, New Ashok Nagar, Delhi - 110 096

- 444
1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).
 2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.
 3. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school had neither hiked the fee in terms of the order of the Director of Education dated 11.02.2009 nor implemented the recommendations of the 6th Pay Commission. Accordingly, it was placed in Category 'C'.

**TRUE COPY**

Page 1 of 6

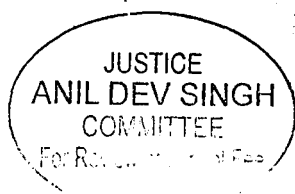
Secretary

445
4. With a view to verify the returns, the Office of the Committee vide its notice dated 22.10.2012 required the school to appear on 09.11.2012 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire. No one appeared on 09.11.2012. The Committee issued final notice on 19.11.2012 to the school to produce its financials for verification on 03.12.2012.

5. On 03.12.2012, Shri C.P. Gupta, Chairman of the school appeared before the Committee. He submitted reply to the questionnaire and produced the record. As per the reply, the school had not implemented the recommendations of the 6th Pay Commission and had also not increased the fee in terms of the order of the Director of Education dated 11.02.2009.

6. The record, in the first instance, was examined by Shri A.K. Bhalla, Audit Officer of the Committee. He observed to the effect that:-

- (i). The school had increased tuition fee in 2009-10 from 22.44% to 29.59% for different classes. During 2010-11, the hike was from 10.58% to 12.57% for different classes.
- (ii). The school has charged development fee from the students.



TRUE COPY

Secretary
Secretary

446 (iii). The salary to the staff had been paid in cash as per pre-revised scales thereby, the school had not implemented the recommendations of the 6th Pay Commission.

7. By notice dated 20.01.2014 the school was asked to appear on 20.02.2014 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school.

8. On 20.02.2014, Shri C.P. Gupta, Chairman and Shri Umesh Gupta, Accountant of the school appeared before the Committee. It was contended by the representatives of the school that the school had hiked the tuition fee by Rs.100/- per month for all classes in 2009-10 and did not implement the report of the 6th Pay Commission. The school had also charged development fee from the students in 2009-10 and 2010-11 and the same had been utilized for installation of fire fighting equipment. As per the aforesaid representatives development fee was treated as capital receipt. However, on perusal of the financials of the school, it was revealed that the school had been treating the same as revenue receipt. It was admitted by them that, no separate development fund or depreciation reserve fund was being maintained. Since the school failed

TRUE COPY




Secretary

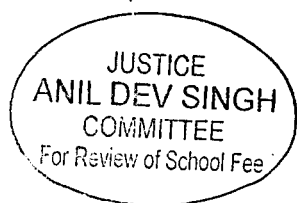
to produce the fee schedule for the years from 2006-07 to 2010-11, it was requested to present the same on the next date.

447

9. On 13.03.2014, Shri C.P. Gupta, Chairman and Shri Umesh Gupta, Accountant of the school again appeared before the Committee and filed a revised reply to the questionnaire relating to development fee. They also filed fee schedule for the years from 2006-07 to 2010-11. It was conceded by the school representatives that the tuition fee was increased by Rs.100/- per month for all classes in terms of the order of the Director of Education dated 11.02.2009 w.e.f. 2009-10 but the recommendations of the 6th Pay Commission could not be implemented due to low fee base.

10. We have gone through the record, observations of the Audit Officer of the Committee and submissions of the representatives of the school. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during the years 2009-10 and 2010-11:

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I & II	325	425	100	475	50
III & IV	350	450	100	500	50
V	375	475	100	525	50
VI	400	500	100	550	50
VII	425	525	100	575	50
VIII	450	550	100	600	50



TRUE COPY

M
Secretary

448
11. From the above, it is manifest that the school has increased the fee during the year 2009-10 in terms of order of the Director of Education dated 11.02.2009. During the year 2010-11, fee was hiked only by 10%. The school is working on very low fee base.

12. **Re. Implementation of the report of the 6th Pay Commission**

The school has not implemented the recommendations of the 6th Pay Commission.

13. **Re. Development Fee**

From the record, it is apparent that the school has charged development fee from the students.

RECOMMENDATION

Re. Fee Hike

Though, the school has hiked the fee in 2009-10 by Rs.100/- per month for all classes in terms of the order of the Director of Education dated 11.02.2009, at the same time, it was working on a very low fee base. Therefore, the Committee recommends no intervention qua the aspect of fee.



TRUE COPY

W
Secretary

Re. Development Fee

The school has charged development fee in the following manner: -

<u>Year</u>	<u>Amount</u>
2009-10	Rs. 57,450/-
2010-11	Rs.1,51,400/-

449

With regard to development fee, the Committee is of the view that the school was not complying with any of the pre-conditions prescribed by the Duggal Committee, which were affirmed by the Hon'ble Supreme Court in the case of Modern School Vs. Union of India & Ors. Therefore, development fee collected by school to the tune of Rs.2,08,850/- during 2009-10 and 2010-11 in pursuance of order of the Director of Education dated 11.02.2009 ought to be refunded along with interest @ 9% per annum from the date of its collection to the date of its refund.

Recommended accordingly.

Sd/-

J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Dated : - 27.03.2014



TRUE COPY

[Signature]
Secretary

Panchsheel Public School, Ekta Vihar (Jhilmil), Delhi - 110 095

- 150
1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).
 2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.
 3. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school had neither hiked the fee in terms of the order of the Director of Education dated 11.02.2009 nor



TRUE COPY

Page 1 of 5

Secretary

implemented the recommendations of the 6th Pay Commission. Accordingly, it was placed in Category 'C'.

451
4. With a view to verify the returns, the Office of the Committee vide its notice dated 22.10.2012 required the school to appear on 12.11.2012 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire.

5. On 12.11.2012, Shri S.P. Chawla, Manager of the school attended the Office of the Committee. He also filed reply to the questionnaire. As per the reply, the school had neither implemented the recommendations of the 6th Pay Commission nor hiked the fee.

6. The record produced by the school, in the first instance, was examined by Shri A.D. Bhateja, Audit Officer of the Committee. He observed to the effect that:-

- (i). The school has hiked tuition fee by Rs.100/- per month for all classes in 2009-10. During 2010-11, there was no hike in fee.
- (ii). The school has not implemented the report of the 6th Pay Commission.



TRUE COPY

W
Secretary

452

7. By notice dated 20.01.2014, the school was asked to appear on 21.02.2014 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school.

8. On 21.02.2014, Shri S.P. Chawla, Manager of the school appeared before the Committee. It was contended that the school has not implemented the report of the 6th Pay Commission. The school has hiked the fee by Rs.100/- per month for all classes in terms of the order of the Director of Education dated 11.02.2009. It was further contended that the school had very low student strength and the hike did not cover the incremental expenses. The school has collected development fee of Rs.16,750/- in 2009-10 and Rs.25,000/- in 2010-11, which was spent on school maintenance and decoration. The development fee has been treated as a revenue receipt in the accounts. The present student strength of the school is only 03.

9. The Committee has examined the observations of the Audit Officer of the Committee and considered the submissions of the representative on behalf of the school.

TRUE COPY



Secretary
Secretary

10. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during the years 2009-10 and 2010-11 :

453

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I to V	300	400	100	400	Nil
VI to VIII	400	500	100	500	Nil

11. From the above, it is manifest that the school has increased the fee during the year 2009-10 in terms of order of the Director of Education dated 11.02.2009 but there was no hike in fee in 2010-11. The school operates on very low fee base and there are only three students in the school.

12. **Re. Implementation of the 6th Pay Commission Report**

The school has not implemented the recommendations of the 6th Pay Commission.

13. **Re. Development Fee**

The school has charged development fee.

RECOMMENDATION

Re. Fee Hike

In view of the facts stated in para 11 supra, the Committee recommends no intervention qua the aspect of fee.



Re. Development fee

The school has charged development fee in the following manners:-

<u>Year</u>	<u>Amount</u>
2009-10	Rs.16,750-00
2010-11	Rs.25,000-00

1154
 With regard to development fee, the Committee is of the view that the school was not complying with any of the pre-conditions prescribed by the Duggal Committee, which were affirmed by the Hon'ble Supreme Court in the case of Modern School Vs. Union of India & Ors. Therefore, development fee collected by school to the tune of Rs.41,750/- during 2009-10 and 2010-11 in pursuance of order of the Director of Education dated 11.02.2009 ought to be refunded along with interest @ 9% per annum from the date of its collection till the date it is refunded to the students.

Recommended accordingly.

Sd/-

**J.S. Kochar
Member**

Sd/-

**Justice Anil Dev Singh (Retd.)
Chairperson**

Sd/-

**Dr. R.K. Sharma
Member**

Dated : - 27.03.2014



TRUE COPY

M
Secretary

Shishu Bharti Vidyalaya, Gandhi Nagar, Delhi - 110 031

453

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the school had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose of implementation thereof, a questionnaire prepared by the Committee was issued to the Managers of all schools on 27.02.2012 with the request that the information be furnished to the Committee within Seven days (Annexure 30 at page 470 of the First Interim Report).
2. The school did not respond to the questionnaire within the specified time. However, the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education along with a copy of the fee schedule.
3. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school neither had implemented the recommendations of the 6th Pay Commission nor increased the fee in

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

TRUE COPY

Page 1 of 5

Secretary

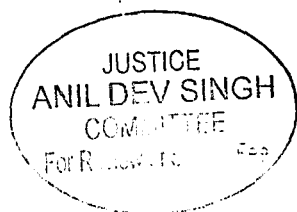
terms of the order of the Director of Education dated 11-02-2009. In this view of the matter the school was placed in category 'C'.

456
4. With a view to verify the returns, the Office of the Committee vide its notice dated 29.07.2013 required the school to appear on 27.08.2013 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11 and to furnish reply to the aforesaid questionnaire.

5. 27.08.2013, Ms. Seema Sharma, Accounts Clerk of the school attended the Office of the Committee and produced the records. She also filed reply to the questionnaire. As per the reply, the school had neither implemented the recommendations of the 6th Pay Commission nor hiked the fee and had also not collected development fee.

6. The record produced by the school, in the first instance, was examined by Shri A.D. Bhateja, Audit Officer of the Committee. He observed to the effect that:-

(i). The school had increased tuition fee by Rs.100/- per month for all classes in 2009-10, resulting in hike between 23.25% to 27%. During 2010-11, the fee had been hiked by Rs.50/- per month for all classes within the permissible limit of 10%.



TRUE COPY

W
Secretary

- (ii). The school has not implemented the report of the 6th Pay Commission. The salary to the staff had been paid in cash according to pre-revised scales.
- (iii). The school never deducted TDS from the salaries of the staff.

457

7. By notice dated 20.01.2014, the school was asked to appear on 24.02.2014 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 for the examination of the same by the Committee and for affording an opportunity of hearing to the school.

8. On 24.02.2014, Ms. Saroj Sharma, Principal, Ms. Seema Sharma, LDC and Shri Bakhshish Singh, Accountant of the school appeared before the Committee. It was contended that the school has not implemented the report of the 6th Pay Commission. The school has hiked the fee in 2009-10 by Rs.100/- per month for all classes. The school has also charged development fee @ Rs.100/- per month in 2009-10 and 2010-11 from the students. The development fee had been treated as revenue receipt and had been utilised for revenue expenses.

9. The Committee has examined the observations of the Audit Officer of the Committee and considered the submissions of the representatives of the school.

**TRUE COPY**
Secretary

10. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during the years 2009-10 and 2010-11 :-

458

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I & II	370	470	100	520	50
III to V	410	510	100	560	50
VI to VIII	430	530	100	580	50

11. From the above, it is manifest that the school has increased the fee during the year 2009-10 in terms of order of the Director of Education dated 11.02.2009. During the year 2010-11, fee was hiked only by 10%. The school is working on very low fee base. The school did not implement the recommendations of the 6th Pay Commission.

RECOMMENDATION

Re. Fee Hike

Though, the school has hiked the fee in 2009-10 by Rs.100/- per month for all classes in terms of the order of the Director of Education dated 11.02.2009, at the same time, it was working on a very low fee base. Therefore, the Committee recommends no intervention qua the aspect of fee.



TRUE COPY

Secretary

Re. Development Fee

The school has charged development fee @ Rs.100/- per month in 2009-10 and 2010-11 from the students.

459
In our view, the school was charging the Development Fee without complying with any of the pre-conditions prescribed by the Duggal Committee, which were affirmed by the Hon'ble Supreme Court in the case of Modern School Vs. Union of India & Ors. Keeping in view the aforesaid judgement of the Hon'ble Supreme Court and order dated 11.02.2009 of the Director of Education; the Committee is of the view that the development fee so charged by the school during 2009-10 and 2010-11 ought to be refunded. The refund shall carry interest @ 9% per annum from the date of its collection to the date of its refund.

Recommended accordingly.

Sd/-

**J.S. Kochar
Member**

Sd/-

**Justice Anil Dev Singh (Retd.)
Chairperson**

Sd/-

**Dr. R.K. Sharma
Member**

Dated:- 20.03.2014

TRUE COPY



Secretary