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

9th report

December 30, 2015

**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

9TH REPORT

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Determinations

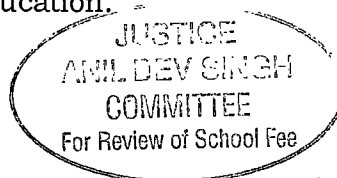
1. This report deals with **75** schools. With this, the Committee has so far submitted its recommendations in respect of **1066** schools in its nine reports submitted so far. Besides, the Committee has concluded the hearings in respect of **26** schools, for which the recommendations are being finalised.

2. The summary of recommendations of the Committee in respect of the schools dealt with in this report 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	40
No. of schools where, besides finding the fee hike to be unjustified either partially or fully, the Committee has also recommended special inspection for various reasons, chiefly being the failure of the schools to produce their books of accounts and other related records	13
No. of schools where the schools did not produce their records before the Committee and hence the Committee has recommended special inspection to be carried out by Director of Education	02
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	20
Total	75

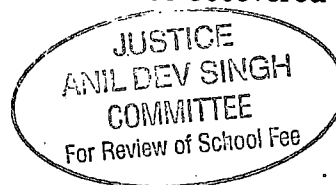
3. Schools in respect of which the Committee has recommended refund of fee.

The Committee has recommended refund of fee unjustly hiked by 53 schools. Among them are 13 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 40 schools out of 53 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 for one or more of the following reasons:

- (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 after considering the funds already available with them, 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.
- (d) The schools had misconstrued the order dated 11/02/2009 issued by the Director of Education in respect of the incremental development fee to be recovered for the period



01/09/2008 to 31/03/2009 and thereby recovered more fee on this account than was permitted by the aforesaid order.

The 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.

The list of these 40 schools where the Committee has recommended refund is as follows: -

S.N.	Category No.	Name & Address of School	Page No.
1	B-4	Salwan Public School, Mayur Vihar-Phase-III	9-20
2	B-9	Mother Mary's School (Formerly Queen Mary's School), Mayur Vihar-Phase-I	21-34
3	B-32	Maharaja Agarsen Public School, Ashok Vihar, Phase-IV	35-53
4	B-58	Lancer's Convent Sr. Sec. School, Prashant Vihar, Rohini	54-63
5	B-59	Prestige Convent Sr. Sec. School, Sec-VIII, Rohini	64-69
6	B-75	Indraprastha World School, Paschim Vihar	70-84
7	B-87	Sadhu Vaswani International School For Girls, Shanti Niketan	85-97
8	B-102	St. Johns Public School, Mehrauli	98-106
9	B-162	Flora Dale Sr. Sec. School, Dilshad Garden	107-111
10	B-163	GLT Saraswati Bal Mandir Sr. Sec. School, Nehru Nagar	112-129
11	B-179	Father Agnel School, Gautam Nagar	152-161
12	B-212	Oxford Public School, Nehru Nagar	162-172
13	B-245	Shri Daulat Ram Public Sr. Sec. School, Kamruddin Nagar	173-180
14	B-264	Dr. SRS Mission School, Janakpuri	181-190
15	B-299	Vishal Bharti School, Saraswati Vihar, Pitampura	191-198

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16	B-314	Smt. Misri Devi Gyan Niketan, Najafgarh	199-202
17	B-315	RCCE Public School, Chandan Hulla	203-210
18	B-323	Little Flowers Public School, Yamuna Vihar	211-215
19	B-331	Adarsh Vidya Niketan Public School, Maujpur	216-220
20	B-333	Canterbury Model Public School, Vijay Park, Maujpur	221-227
21	B-369	Blooming Dales Public School, Rajendra Park, Nangloi	228-235
22	B-370	Krishan Lal Kohli Saraswati Bal Mandir Sr. Sec. School, Mehrauli	130-143
23	B-373	Modern New Delhi Public School, Sangam Vihar	<u>236-242</u>
24	B-381	New Bal Vaishali Public School, Meethapur Ext.	243-248
25	B-385	New Delhi Convent Sr. Sec. School, Raj Nagar, Palam Colony	249-254
26	B-400	New Creation Public School, Dilshad Colony	255-261
27	B-430	Sam International School, Sector-12, Dwarka	262-277
28	B-493	Rukmani Devi Public School, Rohini	278-287
29	B-527	Mount Olivet Sr. Sec School, Sant Nagar, Burari	288-294
30	B-534	B.C.C Modern Public School, Azad Pur	295-302
31	B-591	Little Flowers Public Sr. Sec. School, Shivaji Park, Shahdara	303-309
32	B-601	Vidya Niketan School, D-Block, Saket	310-330
33	B-606	St. Georges School, Defence Colony	331-337
34	B-608	Cambridge Primary School, Darya Ganj	338-344
35	B-615	Maxfort School, Parwana Road, Pitampura	345-350
36	B-625	Bal Bhavan Public School, Swasthya Vihar	351-356
37	B-643	St. Prayag Public School, Pitampura	357-363
38	B-649	The Cambridge International School, Jawahar Park, Devli Road	364-368
39	B-685	Daisy Dales Sr. Sec. School, East Of Kailash	369-377
40	B-690	Cambridge Primary School, New Rohtak Road	378-389

4. In respect of the remaining **13** 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 or had charged development fee without fulfilling the preconditions prescribed by the Duggal Committee, which were affirmed by the Hon'ble Supreme Court in the case of Modern School (supra). Some of these schools did not produce the required records for

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For Review of School Fee

examination by the Committee but the fee schedules filed by them showed that they had hiked the fee, or the schools in their communications with the Committee admitted the factum of having hiked the fee in pursuance of order dt. 11.02.2009 of the Director of Education but in the absence of the records, the factum of implementation of the recommendations of 6th Pay Commission could not be verified. The Committee drew an adverse inference against them and presumed that they had not done so. 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. Further, the Committee has also recommended special inspection where the records produced by the school did not inspire confidence. The recommendations of the individual schools have been made a part of this report and are annexed herewith. The list of the aforesaid 13 schools is given below: -

S.N.	Category No.	Name & Address of School	Page No.
1	B-273	Sky Hawk International School, Auchandi Border	390-398
2	B-313	Kathuria Public School, Vasant Kunj	399-404
3	B-330	Happy Time Public School, Bhajanpura	405-409
4	B-339	St. Andrews Scots. Sr. Sec. School, I.P. Extension, Patparganj	410-418
5	B-364	Dayanand Model School, West Patel Nagar	419-424
6	B-374	New Jai Bharti Public School, Sangam Vihar	425-429
7	B-428	R.D. Rajpal Public School, Sector-9, Dwarka	430-435
8	B-431	Green View Public School, Dwarka Vihar, Najafgarh	436-442
9	B-447	Delhi International School, Dwarka	443-460
10	B-537	North Delhi Public School, BP Block, Shalimar Bagh	461-466
11	B-552	Maharaja Agarsain Public School, Bawana Road, Narela	467-478

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12	B-593	Abhinav Public School, CU Block, Pitampura	479-487
13	B-691	Yuva Shakti Model School, Sector-3, Rohini	488-494

5. Schools in respect of which the Committee has not been able to take

a view:

In respect of the following **02** schools, the Committee has not been able to take a categorical view as the implementation of 6th Pay Commission Report was not doubted but the school failed to produce its fee records and books of accounts in order to enable the Committee to verify whether the fee hike was justified or it was excessive :

S.N.	Category No.	Name & Address of School	Page No.
1	B-33	Brilliant's Convent Sr. Sec. School, Pitampura	495-498
2	B-673	Army Public School, Delhi Cantt.	499-502

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

In respect of **20** schools, the Committee has not recommended any intervention as the fee hiked by the schools in pursuance of the order dated 11/02/2009 issued by the Director of Education, was found to be justified, considering the additional liabilities incurred by the school in implementing the recommendations of 6th Pay Commission in the context of the funds available with them. In case of some schools which had not hiked any fee in one or more years prior to 2009-10, the benefit of spread over of fee hiked in 2009-10 to the years in which the schools had not hiked the fee has been given by the Committee, as in view of the Committee, such schools stand on a




different pedestal. In cases of the remaining schools, the Committee found that the fee hike effected by them was within or near about the tolerance limit of 10% or the fee hike in absolute terms was not much. Following is the list of the aforesaid **20** schools:

S.N.	Category No.	Name & Address of School	Page No.
1	B-47	Prince Public School, Rohini	503-508
2	B-48	Prince Public School, Budh Vihar	509-515
3	B-100	Sri Ram International School, Najafgarh	516-520
4	B-103	St. Mary's Public School, Neb Sarai	521-528
5	B-115	J.K. Happy School, Chooriwalan	529-534
6	B-139	Gyan Mandir Public School, Naraina Vihar	535-544
7	B-190	Geeta Bal Bharti Sr. Sec. School, Rajgarh Colony	545-550
8	B-199	Manava Bhavna Public School, Nathupura	551-554
9	B-327	D.S.K. Public School, Shiv Vihar Ph.-V	555-557
10	B-360	Convent of Jesus & Mary School, Bangla Sahib Marg	558-564
11	B-440	Saraswati Bal Mandir, Jhandewalan	565-570
12	B-457	Saraswati Bal Mandir, Paschim Vihar	571-577
13	B-531	Apex Public School (Sr. Sec.), Sant Nagar, Burari	578-586
14	B-553	L. K. International School, Auchandi Road, Bawana	587-594
15	B-555	Shri Sanatan Dharam Saraswati Bal Mandir Sr. Sec. School, West Punjabi Bagh	144-151
16	B-562	Mata Heera Devi Chaudhary Saraswati Bal Mandir, Janak Puri	595-602
17	B-572	Rao Man Singh Sr. Sec. School, Najafgarh	603-610
18	B-609	Air Force Gyan Jyoti Public School, Palam, Delhi Cantt.	611-615
19	B-681	Deepalaya School, A-14 Block, Kalakaji Extension	616-620
20	B-692	Amity International School, Mayur Vihar, Phase-I	621-623

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7. The Committee will be submitting its 10th report covering 26 schools as mentioned in the covering letter, subject to the orders of this Hon'ble Court.


Justice Anil Dev Singh (Retd)
Chairperson


CA J.S. Kochar
Member


Dr. R.K. Sharma
Member

ANIL DEV SINGH
COMMITTEE
For Review of School Fee

Salwan Public School, Mayur Vihar, Phase-3, Delhi-110096

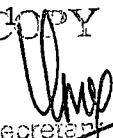
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In order to elicit the relevant information from the schools to arrive at proper conclusions with regard to the necessity of fee hike effected by them, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school). This was followed by a reminder dated 27/03/2012. The school, vide its letter 09/05/2012, furnished its reply to the questionnaire stating:

- (a) That it had implemented the recommendations of VI Pay Commission w.e.f. 01/12/2008 (copies of payment advice of salaries for the months of November 2008 and December 2008 were enclosed).
- (b) That it had paid arrears for the period 01/01/2006 to 30/11/2008.
- (c) That it had hiked the fee pursuant to order dated 11/02/2009 issued by the Director of Education and also recovered the arrear fee as envisaged in that order.

However, the information furnished in the reply was lacking in certain material respects. Besides the Committee had not received copies of complete returns filed by the school under Rule 180 of Delhi School Education Rules, 1973 from the office of the concerned Dy. Director of Education. The Committee, therefore, addressed in other letter to the school on 07/05/2013 requiring it to file copies of complete annual returns filed by the school under Rule 180 of DSER,

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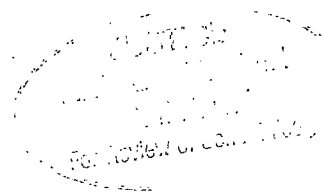
Salwan Public School, Mayur Vihar, Phase-3, Delhi-110096

1973. Another questionnaire was issued to the school incorporating therein specific queries regarding the collection and utilisation of development fee and maintenance of earmarked development and depreciation reserve funds. The school furnished copies of its annual returns, under cover of its letter dated 04/06/2013 as also furnished reply to the revised questionnaire. While the replies to the questions regarding fee hike and implementation of the recommendations of VI Pay Commission, were substantially the same as were given in response to the earlier questionnaire, with regard to the questions regarding development fee, the school stated as follows:

- (a) It had collected development fee in all the five years for which the information was sought i.e. 2006-07 to 2010-11. In the year 2009-10, the total collection was **Rs. 47,58,330** and in the year 2010-11, it was **Rs. 51,98,450**.
- (b) Development fee is treated as a revenue receipt.
- (c) Development fee utilised for payments to adhoc, additional teachers, extra co curricular activities, innovations in teaching and for teacher training programme. Surplus, thereafter, is reflected as a part of general fund with earmarked FDRs for the purpose of building upgradation and creation of additional infrastructure. **The utilisation of development fund for these purposes is in accordance with Rule 151 of Delhi School Education Rules, 1973.**

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Salwan Public School, Mayur Vihar, Phase-3, Delhi-110096

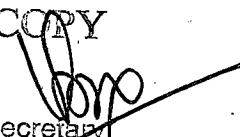
While no part of development fee was utilised in the years 2006-07 to 2008-09, a sum of R. 26,56,538 was utilised in the year 2009-10 and Rs. 30,95,240 in the year 2010-11.

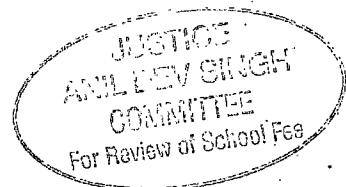
Based on the reply submitted by the school to the questionnaire issued by the Committee, the school was placed in category 'B' for the purpose of verification.

In order to provide an opportunity of being heard to the school, the Committee issued a notice dated 01/01/2015, requiring it to furnish the aggregate figures of arrear fee for different periods, regular tuition fee for 2008-09, 2009-10 and 2010-11, arrear salary and regular salary for these years, duly reconciled with the audited Income & Expenditure Account. The school was also required to furnish bank statements highlighting payment of salaries and arrears, the statement of account of the trust/ society running the school as appearing in its books, details of accrued liabilities, gratuity and leave encashment. The hearing was fixed for 15/01/2015. On this date, Ms. Kiran Mehta, Principal, Sh. S.N. Dixit, Manager of the school appeared along with Sh. R.N. Dutta, and Sh. R. Maggo, Chartered Accountant. They furnished the information, as required by the Committee under cover of letter dated 14/01/2015.

The information regarding arrear fee, arrear salary, regular fee and regular salary for the year 2008-09 to 2010-11, as furnished by the school, is as follows:

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Salwan Public School, Mayur Vihar, Phase-3, Delhi-110096

Fee	2008-09	2009-10	2010-11
Arrear fee for the period from 01.01.2006 to 31.08.2008	21,76,170	19,52,003	0
Arrear fee (Tuition fee) for the period from 01.09.2008 to 31.03.2009	31,60,384	0	0
Arrear fee (Development fee) for the period from 01.09.2008 to 31.03.2009	4,74,337	0	0
Regular/ Normal Tuition Fee	2,57,95,100	3,13,94,175	3,39,57,375
Regular/ Normal Development Fee(if treated as a revenue receipt)	20,59,085	47,58,330	51,98,450
Salary			
Arrear Salary for 01.01.2006 to 31.08.2008 (sic)	0	62,10,254	24,05,510
Arrear Salary for 01.09.2008 to 31.03.2009	0	0	0
Regular/ Normal Salary	2,40,53,483	3,62,66,104	3,70,92,671

The school also furnished details of its accrued liabilities of gratuity and leave encashment as on 31/03/2008 and 31/03/2010. As per the details submitted, the liabilities of the school on these accounts were Rs. 50,06,321 and Rs. 4,55,684 respectively, as on 31/03/2010.

The school also produced its bank statements to show that the arrears for salary as well as the regular salary were paid to the staff through bank transfers. The school also filed copies of the relevant ledger accounts.

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Salwan Public School, Mayur Vihar, Phase-3, Delhi-110096

During the course of hearing, the representatives of the school contended that the funds available with the school could not have been utilised for implementing the recommendations of VI Pay Commission as the same were kept in reserve for additional expenditure to be incurred for getting the completion certificate of the building of the school, which is not being granted by DDA for want of proper water and sewage connection. The regular recognition to be granted by the Directorate of Education was also held up for this reason.

With regard to development fee, they reiterated the reply to the questionnaire, as reproduced supra. They contended that the treatment of development fee as a revenue receipt and its utilisation for the purposes like hiring of additional staff, innovation in teaching and teachers training etc. was in accordance with Rule 151 of Delhi School Education Rules, 1973.

The information furnished by the school was verified by the Committee with reference to its audited financials and books of accounts. The Committee is convinced of the claim of the school that it fully implemented the recommendations of the VI Pay Commission. Therefore, the question that is to be determined by the Committee, is whether the school was justified in recovering the arrears of fee and hiking the regular fee w.e.f. 01/09/2008 to the extent it did. The school has not made any claim before the Committee that the fee hike

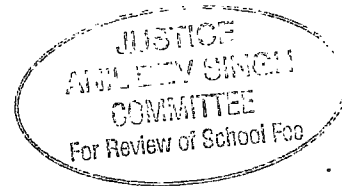
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was short of its requirements. In order to examine the justifiability of fee hike effected by the school, a preliminary calculation sheet was prepared by the Committee, based on its audited financials and the information furnished by the school during the course of hearing as well as by way of reply to the questionnaires. To determine the funds already available with the school, which could have been utilised for implementation the recommendations of VI Pay Commission, the audited balance sheet as on 31/03/2008 was taken as the basis as that was the latest authenticated financial statement before the fee hike w.e.f. 01/09/2008. The preliminary calculation sheet, as prepared by the Committee was as follows:

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Salwan Public School, Mayur Vihar, Phase-3, Delhi-110096

Statement showing Fund available as on 31-03-2008 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report			
	Particulars	Amount (Rs.)	Amount (Rs.)
	<u>Current Assets + Investments</u>		
	Cash in hand		
	Balance in Savings Bank account	1,557,557	
	Investments with accrued interest	27,123,712	
	Advance to Contractor	123,800	
	Fee receivable	7,280	
	TDS Recoverable	275,668	29,088,017
Less	<u>Current Liabilities</u>		
	Security from Students	1,480,500	
	Security Contractor	210,440	
	TDS Payable	59,843	
	Expenses Payable	2,203,149	
	PF Payable	125,714	
	Admission fees received in advance	19,400	
	Institutional fees received in advance	1,380,000	5,479,046
	Net Current Assets + Investments (Funds Available)		23,608,971
	Total Liabilities after implementation of VIth Pay Commission:		
Less	Arrear of Salary as per 6th CPC 1.1.2006 to 31.08.2008	8,615,764	
	Incremental Salary for 2009-10 (as per calculation given below)	12,212,621	20,828,385
	Excess / (Short) Fund Before Fee Hike		2,780,586
Add	Total Recovery after VI th Pay Commission		
	Arrear fee w.e.f 01.01.06 to 31.08.08	4,128,173	
	Arrear fee w.e.f 01.09.08 to 31.03.09	3,160,384	
	Arrear of Development fee w.e.f. 01.08.08 to 31.03.09	474,338	
	Incremental fee for 2009-10 (as per calculation given below)	5,599,075	13,361,970
	Excess / (Short) Fund After Fee Hike		16,142,556

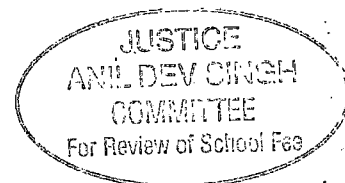
Working Notes:

	2008-09	2009-10
Normal/ regular salary	24,053,483	36,266,104
Incremental salary 2009-10	12,212,621	
	2008-09	2009-10
Normal/ Regular Tuition fee	25,795,100	31,394,175
Incremental tuition fee in 2009-10	5,599,075	

As is evident from the calculation sheet, the school had available with it, a sum of Rs. 23,608,971 at the threshold as on 31/03/2008. The Committee does not agree with the contention of

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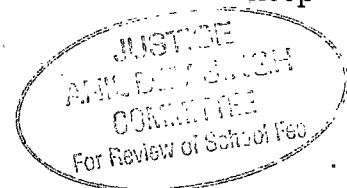
Salwan Public School, Mayur Vihar, Phase-3, Delhi-110096

the school that it may need to keep funds in reserve for additional expenditure to be incurred for getting completion certificate for the reason firstly that the expenditure on completion certificate or for provision of water and sewage connection are related to the building of school for which the recovery cannot be made from the students and secondly for the reason that the assertion made by the school was vague as no estimates of the additional cost to be incurred had been given to the Committee. However, consistent with the view taken by the Committee that the entire funds available with the school ought not be utilised for implementing the recommendations of VI Pay Commission and the schools ought to retain with them funds sufficient to cover its accrued liabilities of gratuity and leave encashment, besides retaining funds for future contingencies, the Committee considered a sum of Rs. 17,550,705, as the requirement of the school to keep funds in reserve for these purposes. This figure was arrived at as follows:

Reserves required to be maintained:	
for future contingencies (equivalent to 4 months salary)	*12,088,701
for Leave Encashment as on 31.03.2010	455,684
for Gratuity as on 31.03.2010	5,006,320
Total	17,550,705

It is pertinent to mention that the Committee has considered a sum of Rs. 1,20,88,701* as the requirement of the school to keep

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Salwan Public School, Mayur Vihar, Phase-3, Delhi-110096

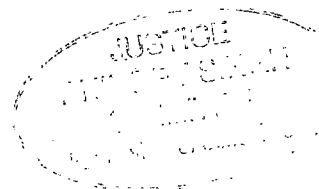
funds in reserve for future contingencies. Though the Committee has rejected the contention of the school that the funds available with it should not be considered as available for implementing the recommendations of VI Pay Commission as the same were required for the additional costs to be incurred for water and sewage connections, the school cannot be heard to complain in view of the setting apart of funds to the tune of Rs. 1.20 crores for future contingencies.

Therefore, the Committee was of the view that the school could have utilised only a sum of Rs. 60,58,266 (23,608,971 - 17,550,705) for implementing the recommendations of VI Pay Commission. The additional financial impact of implementing the recommendations of the VI Pay Commission on the school upto 31/03/2010 was of the order of Rs.20,828,385. Thus there was a gap of Rs. 1,47,70,119. The school recouped itself to the tune of Rs. 13,361,970 by way of recovery of arrear fee and hiking the regular fee upto 31/03/2010. Therefore, the school was in deficit to the tune of Rs. 14,08,149 after implementing the recommendations of VI Pay Commission.

With regard to development fee, the Committee is of the view that the school was not fulfilling any of the pre conditions laid down by the Duggal Committee which were affirmed by the Hon'ble Supreme Court in the case of Modern School Vs. Union (2004) 5 SCC 583. Neither the school was treating the development fee as a capital receipt nor utilising it for purchase or upgradation of furniture and

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Salwan Public School, Mayur Vihar, Phase-3, Delhi-110096

fixture and equipments nor was it maintaining any earmarked accounts for development fund and depreciation reserve fund. The reliance placed by the school on Rule 151 of Delhi School Education Rules, 1973 is wholly misplaced as this rule forms a part of Part A of Chapter XIII of DSER and this part is applicable only to aided schools. Admittedly this school is an unaided school. The concept of development fee in respect of aided school and unaided schools are wholly different. Rule 151 cannot be availed of by the school as it is not applicable to it. Although the school has been in default of compliance with law as laid down by the Hon'ble Supreme Court in the year prior to 2009-10 also, the Committee is restricting its recommendations in respect of development fee charged by the school in the year 2009-10 and 2010-11 only as 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. In respect of the earlier years, the Director of Education may take an appropriate view in accordance with law.

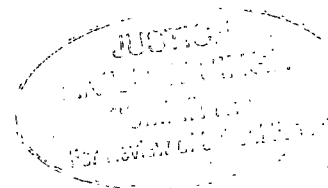
The development fee charged by the school in 2009-10 and 2010-11 was as follows:

For the year 2009-10	4,758,330
For the year 2010-11	5,198,450
Total	9,956,780

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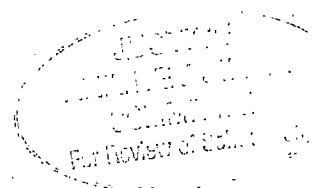
Salwan Public School, Mayur Vihar, Phase-3, Delhi-110096

This amount of Rs. 99,56,780 is required to be refunded, having been charged in violation of the law laid down by the Hon'ble Supreme Court. However, considering that the school was in deficit to the tune of Rs. 14,08,149 on implementation of the recommendations of VI Pay Commission, the Committee is of the view that the school ought to refund a sum of Rs. 85,48,631 (99,56,780-14,08,149), along with interest @ 9% per annum.

Before parting, we may mention that a copy of the preliminary calculation sheet prepared by the Committee was furnished to the school along with notice dated 23/06/2015, fixing the hearing on 16/07/2015 in order to provide an opportunity to the school to say anything in rebuttal of the preliminary calculation sheet. However, the school, instead of availing the opportunity afforded by the Committee, delivered a letter at the dak counter of the Committee requesting for two months time to go through the preliminary calculation sheet.

The Committee, considered the request of the school and was of the view that there was no justifiable reason for the school to seek such a long period of time, particularly when the preliminary calculation sheet was based on the audited financials of the school and the information furnished by the school itself during the course of earlier hearings. Further, the amount required to be refunded by the school was out of the development fee charged by the school in 2009-

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10 and 2010-11 only as the Committee itself had concluded that the school ran up a deficit in its tuition fee account. In respect of the development fee, the school had already furnished detailed submissions in its reply to the questionnaire as well as during the course of earlier hearing. In the circumstances, no useful purpose would have been served by keeping the matter in abeyance for two months, as requested by the school.

Recommendations:

In view of the foregoing discussion, the Committee is of the view that the school ought to refund a sum of Rs. 85,48,631 out of the development fee charged by it for the years 2009-10 and 2010-11 along with interest @ 9% per annum from the date of collection to the date of refund. The Director of Education may take an appropriate view, in accordance with law, in respect of the development fee charged by the school for the years prior to 2009-10.

Recommended accordingly.

Sd/-
CA J.S. Kochar
Member

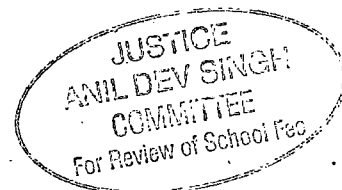
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated: 28/08/2015

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In order to elicit the relevant information from the schools to arrive at proper conclusions with regard to the necessity of fee hike effected by them, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school).

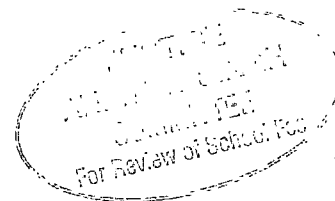
In response to the aforesaid questionnaire, the school, vide its letter dated 29/02/2012, stated that it had implemented the recommendations of VIth Pay Commission w.e.f. March 2008 i.e. since the recognition of the school. It enclosed copies of pay bills for the month of March 2009 and April 2009 to show the incremental salary on account of implementation of VI Pay Commission report. It also enclosed two statement of arrears of salary paid to the staff on account of implementation of VI Pay Commission report.

Thus, it effectively stated that while the regular salary of staff was hiked w.e.f. April 2009 as a result of implementation of VI Pay Commission report, it had paid the arrears to the staff for the period March 2008 to March 2009.

With regard to hike in fee, it stated that the same was increased w.e.f. September 2008 in terms of order dated 11/02/2009 issued by the Director of Education and also recovered the arrears as envisaged in that circular. It also enclosed copies of two circulars dated 12/03/2009 issued to the parents of the students, demanding arrears

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of fee for seven months i.e. 01/09/2008 to 31/03/2009 and 1/5th of the lump sum arrears for the period 01/01/2006 to 31/08/2008, as the school paid the arrears arising on account of implementation of VI Pay Commission only w.e.f. March 2008 when the school was recognised.

Based on the reply submitted by the school to the questionnaire issued by the Committee, the school was placed in category 'B' for the purpose of verification.

Copies of the Annual returns filed by the school under rule 180 of Delhi School Education Rules 1973, were received from the office of the concerned Dy. Director of Education. However, on prima facie examination of these returns, it was noticed that the audited financials of the school for the years 2007-08 and 2008-09 were not available. Accordingly, a communication was sent to the school by email on 26/07/2013, in response to which the school submitted inchoate financials under cover of its letter dated 31/07/2013. Another email was sent to the school on 13/09/2013, requiring it to furnish the missing schedules of the financials. The school submitted the same under cover of its letter dated 23/09/2013.

The Committee issued a notice dated 22/01/2015, requiring the school to furnish the aggregate figures of arrear fee for different periods, regular tuition fee for 2008-09, 2009-10 and 2010-11, arrear

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salary and regular salary for these years, duly reconciled with the audited Income & Expenditure Account. The school was also required to furnish bank statements highlighting payment of salaries, the statement of account of the trust/ society running the school as appearing in its books, details of accrued liabilities, gratuity and leave encashment. The school was also issued a questionnaire regarding development fee charged by it in order to elicit the relevant information as to whether the school was following the pre conditions laid down 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 hearing was fixed for 11/02/2015. However, a letter dated 04/02/2015 was received by the Committee from the school requesting for another date on account of non availability of the financial consultant of the school on the scheduled date of hearing. A fresh notice dated 02/03/2015 was issued to the school for hearing on 18/03/2015.

On this date, Sh. N.S. Tolia, Manager of the school appeared along with Sh. Surinder Srivastava, Advocate and Sh. J.P. Sharma, Accountant. They furnished the information, as required by the Committee. They also filed a reply to the questionnaire of Development fee. The representatives of the school were heard by the Committee.

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Submissions:

The representatives of the school contended that:

- (a) The school had hiked the fee strictly in accordance with order dated 11/02/2009 issued by the Director of Education. NO additionally fee was recovered from the students.
- (b) The arrear of fee received from the students in the years 2009-10 and 2010-11 amounted to Rs. 36,14,862 and Rs. 51,775 respectively. Thus the total arrear fee recovered by the school was Rs. 36,66,637. This included arrears of tuition fee and development fee for the period 01/09/2008 to 31/03/2009 and lump sum arrears proportionately for 6 months only from February 2008 to August 2008, as the school got recognition w.e.f. March 2008.
- (c) The amount of arrears of salary paid to the staff was Rs. 37,30,655, resulting in a deficit of Rs. 64,078 which was met by the school from its own funds. The arrears were paid through direct bank transfer after proper deduction of TDS and in support copies of bank statements were produced.
- (d) The regular tuition fee for the year 2008-09 was Rs. 2,28,50,427, which rose to Rs. 3,26,66,471 in 2009-10 as a result of fee hike.

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- (e) The regular salary paid to the staff amounted to Rs. 1,01,34,059 in 2008-09 which rose to Rs. 1,88,09,521 in 2009-10 as a result of implementation of the recommendations of VI Pay Commission.
- (f) Development fee is treated as a capital receipt and utilised for permitted purposes. However, no earmarked fund account is maintained for unutilised development fee on the ground that the development fee collected is spent in the same year itself. Further, depreciation reserve was created in the books in 2012-13 and the earmarked bank account is going to be opened in a couple of days.
- (g) As on 31/03/2010, the school did not have any liability of gratuity and leave encashment.
- (h) The school did not hike any fee in 2010-11.

The information furnished by the school was examined by the Committee with reference to audited financials. While, the information with regard to fee and salary was found to be correct, the Committee observed that the school was carrying a sum of Rs. 1,68,37,990 as building fund in its balance sheet as on 31/03/2011, while the fee schedules furnished by the school did not reflect any collection towards building fund. The school was asked to clarify the source of building fund as appearing in the balance sheet. Vide letter dated 20/07/2015, the school stated that the expression "Building

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Fund" may be read as "Development Fund" which the school was recovering as per its fee schedules. In short, the school implied that there was an error in the nomenclature of the development fund in the balance sheet. The explanation of the school was found to be in order as the annual accretions to the building fund matched with the amount of development fee collected in the respective years.

Discussion and Determination:

1. Tuition Fee

The Committee is satisfied that the school implemented the recommendations of the VI Pay Commission. Therefore the question to be determined by the Committee is whether the fee hiked by the school and the arrear fee recovered by it in pursuance of order dated 11/02/2009 of the Director of Education was justified after taking into the consideration the funds already available with the school before effecting the fee hike. As the school hiked the fee w.e.f. 01/09/2008, the balance sheet of the school as on 31/03/2008 was taken as the basis for determining the funds available with the school. The following position emerged from the balance sheet of the school as on that date.

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	Particulars	Amount (Rs.)	Amount (Rs.)
	<i>Current Assets + Investments</i>		
	Cash in hand	2,216	
	Balance in Bank accounts	3,470,163	
	Fixed Deposits	500,706	
	Sundry Debtors	53,920	
	Loans & Advances	3,960	4,030,965
Less:	<i>Current Liabilities</i>		
	Sundry Creditors	627,828	
	Advance Fee	3,634,755	4,262,583

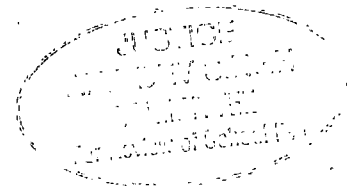
As is evident from the above table, the aggregate of current assets available with the school was less than the current liabilities of the school. In view of this, the Committee considers that the school did not have any funds available with it for the purpose of implementation of VI Pay Commission report and a fee hike was required.

Therefore, the exercise that remains to be conducted is to see whether the recovery of additional fee (arrear as well as regular) in pursuance of the aforesaid order dated 11/02/2009 was adequate or was excessive (the school has not claimed any further fee hike over and above that permitted by this order).

As per the submissions of the school, the school collected a total of **Rs. 36,66,637** as arrear fee. Further, the regular tuition fee collected in the year 2009-10 was Rs. 3,26,66,471 as against Rs. 2,28,50,427 in 2008-09. Thus the incremental fee in 2009-10 was

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Rs. 98,16,044. Therefore the school generated an additional revenue of **Rs. 1,34,82,681** by way of fee hike as per order dated 11/02/2009.

The arrear salary paid by the school amounted to **Rs. 37,30,655.** The regular salary for the year 2009-10 was Rs. 1,88,09,521 while that for the year 2008-09 was Rs. 1,01,34,059 i.e. an increase of **Rs. 86,75,462.** Thus the additional expenditure incurred by the school on account of implementation of the recommendations of VI Pay Commission was **Rs. 1,24,06,117.**

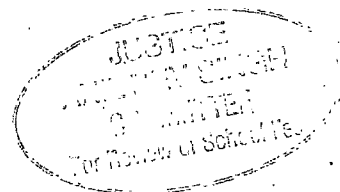
Thus, apparently the school recovered a sum of **Rs. 10,76,564,** in excess of its requirements, which will be factored cumulatively with the development fee, discussed infra.

2. Development Fee:

Admittedly, the school did not maintain any earmarked development fund account or depreciation fund account in the years 2009-10 and 2010-11. The total development fee recovered by the school in the year 2009-10 was Rs. 34,80,734 and Rs. 38,63,858 in the year 2010-11. Thus the total development fee recovered by the school in pursuance of order dated 11/02/2009 upto 31/03/2011 was **Rs. 73,44,592.** This was not in accordance with the law and ought not to have been charged by the school. Thus the total amount that was required to be refunded was **Rs. 84,21,156** (10,76,564+73,44,592). However, the Committee has taken a

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consistent view that the schools ought not to denude themselves of funds while implementing the recommendations of VI Pay Commission and must keep adequate funds in reserve for meeting its accrued liabilities of gratuity and leave encashment and for taking care of any unforeseen contingencies. But the school itself submitted that it did not have any accrued liabilities of gratuity and leave encashment and therefore there is no question of keeping any funds in reserve for such purpose. As for reserve for future contingencies, the Committee has taken a view that the schools ought to retain funds equivalent to four months' salary for such purpose. The total expenditure of the school on salary for the year 2009-10 was Rs. 1,88,09,521. Based on this, its requirement for funds to be kept in reserve works out to **Rs. 62,69,840**. Therefore, the Committee was of the prima facie view that the school ought to refund a sum of **Rs. 21,51,316** (84,21,156 - 62,69,840), along with interest @ 9% per annum.

A copy of the calculation sheet prepared by the Committee was furnished to the school vide letter dated 22/07/2015 and a fresh hearing was afforded to the school on 01/08/2015, to say anything in rebuttal of the preliminary calculations made by the Committee. On the date of hearing, Sh. N.S. Tolia, Manager of the school appeared with Sh. Surinder Srivastava, Advocate. They were heard by the Committee. They did not dispute any figure in the calculation sheet prepared by the Committee. However, they contended that since the

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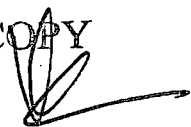
development fee had already been utilised by the school for the permitted purposes i.e. purchase of furniture and fixtures & equipments, the school may not be required to make any refund.

The Committee has considered the submissions of the representatives of the school and is of the view that there is no merit in the same.

The issue of permitting the unaided private schools to charge development fee was considered for the first time by the Duggal Committee which was constituted by the judgment of Hon'ble Delhi High Court in Delhi Abibhavak Mahasangh v. Union of India and others, AIR 1999 Delhi 124. It 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 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)*

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Pursuant to the report of the Duggal Committee, the Government of National Capital Territory of Delhi passed an order dated December 15, 1999 in order to give effect to its recommendations. 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.

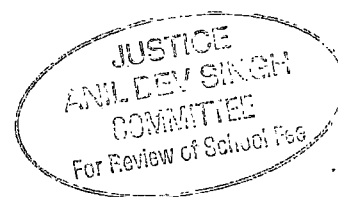
The aforesaid order of the Government of National Capital Territory of Delhi was the subject matter in the case of Modern School vs. Union of India (2004) 5 SCC 583. The Hon'ble Supreme Court considered the following issue for determination

"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:

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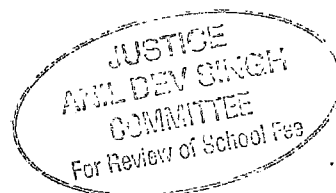
**Mother Mary's School (formerly Queen Mary's School), Mayur
Vihar, Phase-I, New Delhi-110091**

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 non-business organizations/not-for-profit organization. With this correct practice being introduced, development fees for supplementing the resources for purchase, upgradation and

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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.

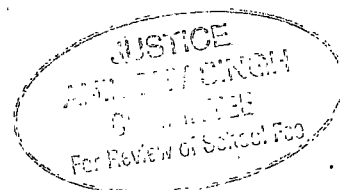
It is apparent from the report of the Duggal Committee which was affirmed by the Hon'ble Supreme Court that maintenance of specified earmarked development fund and depreciation reserve fund are the pre conditions for charging of development fee and the school would not be justified in charging the development fee if it does not maintain such earmarked funds. As such the alleged utilisation of development fee for permitted purposes does not absolve the school from the unauthorized charge of development fee. It should not have been charged in the first place, being contrary to the law laid down by the Hon'ble Supreme Court.

Recommendations:

In view of the foregoing discussion and determinations, the Committee is of the view that the school ought to refund a sum of Rs. 21,51,316 out of the development fee charged for the year 2010-11 as the same was collected contrary to the law laid down by the Hon'ble Supreme Court. This amount ought to be

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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

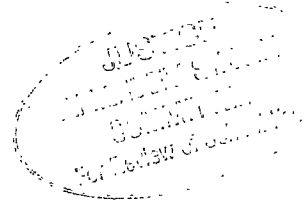
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated: 10/08/2015

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In response to the questionnaire dated 27/02/2012, issued by the Committee, the school, vide its letter dated 01/03/2012, stated that it had implemented the recommendations of Vith Pay Commission w.e.f. 01/03/2009. The salary detail for the month of February 2009 aggregating Rs. 20,05,799 and that for July 2009 aggregating Rs. 36,19,091 were enclosed to show the monthly impact of such implementation.

Further the school enclosed copies of two arrear payment sheets showing payment of Rs. 80,07,294 on 10/12/2009 and Rs. 37,00,930 on 19/08/2010.

With regard to hike in fee, the school stated that it had hiked the fee in terms of order dated 11/02/2009 issued by the Director of Education and by way of evidence, it enclosed copies of the fee structure for the year 2008-09 and 2009-10. The school also enclosed a copy of the circular issued to the parents of the students demanding arrears of fee as per order dated 11/02/2009. As per this circular, besides the increase in fee for the year 2009-10, the parents were also required to pay arrears of the incremental tuition fee and development fee for the period 01/09/2008 to 31/03/2009 and also lump sum arrears for the period 01/01/2006 to 31/08/2008. Based on this reply, the school was placed in category 'B' for verification.

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Copies of the Annual returns filed by the school under rule 180 of Delhi School Education Rules 1973, were received from the office of the concerned Dy. Director of Education.

The relevant calculations to examine the justifiability of fee hike were, in the first instance, prepared by the Chartered Accountants detailed with the Committee (CAs). As per these calculations, the school had available with it a sum of Rs. 2,32,70,899 at the threshold as on 31/03/2008 and after factoring in the fee hike, salary hike and recovery of fee arrears and payment of salary arrears, the school still had a surplus of Rs. 1,27,62,879. However, the CAs did not consider the requirement of the school to keep funds in reserve for future contingencies or for any other purpose.

The Committee issued a notice dated 22/01/2015, requiring the school to furnish the aggregate figures of arrear fee for different periods, regular tuition fee for 2008-09, 2009-10 and 2010-11, arrear salary and regular salary for these years, duly reconciled with the audited Income & Expenditure Account. The school was also required to furnish bank statements highlighting payment of salaries, the statement of account of the trust/ society running the school as appearing in its books, details of accrued liabilities, gratuity and leave encashment. The hearing was fixed for 12/02/2015, which was postponed to 20/03/2015. On this date, Sh. Manu R. G. Luthra, Chartered Accountant appeared with Sh. S.K. Sharma, Administrative

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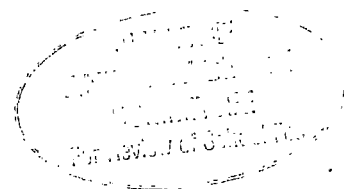
Officer and Sh. Nalin Grover, Accountant of the School. They sought some more time to furnish the required information. The Committee observed that the school was running a separate nursery school but its financials were not included in the balance sheet of the main school. The representatives of the school were directed to file the balance sheet of the nursery school also. The matter was directed to be relisted on 25/03/2015.

On 25/03/2015, the aforesaid representatives of the school filed two sets of written submissions dated 20/03/2015 and 25/03/2015. We will advert to them later. The school also filed the balance sheets of the nursery school for 2006-07 and 2007-08 only. It was claimed that w.e.f. 2008-09, the financials of the school were merged with those of the main school.

During the course of hearing, the Committee perused the balance sheet of the main school for the year 2008-09 and observed that apparently only the fixed assets of the nursery school had been transferred to the main school. The representatives of the school were non committal on this aspect. The school had not produced the journal day book from which it could be ascertained as to what extent the merger of nursery school with the main school had taken place. Accordingly, the school was directed to produce on the next date of hearing the following records:

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- (a) Books of accounts of nursery school for the year 2008-09 containing the accounting entries of merger.
- (b) Bank statements of the nursery school from 01/04/2006 to 31/03/2011 or till the date of its closure.
- (c) Journal of the main school along with other books of accounts for the years 2008-09 to 2010-11.
- (d) Recognition letter of the school.

The matter was directed to be relisted on 08/04/2015. On this date, the representatives of the school appeared and filed copies of the bank statements of the nursery school, journal of the main school of 01/04/2008 showing takeover of fixed assets of nursery school and recognition letter of the school. However, the books of accounts of the nursery school after 31/03/2008 were not produced.

The Committee examined the bank statements of the nursery school and observed that contrary to the claim of the representatives of the school, the bank account of the nursery school was alive even till that date. The Committee also observed that huge amounts had been transferred from the bank account of the nursery school to the Parent Society.

Further while examining the information furnished by the school, it appeared that a total sum of Rs. 2,46,61,038 was provided in the balance sheet of the school for the year 2008-09 as arrears of salary on account of implementation of VI Pay Commission report.

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However, out of this sum, a sum of Rs. 97,21,841 remained unpaid even as on 31/03/2015.

The Committee also observed that the school treated development fee as a revenue receipt. Only meager amounts were shown as having been spent on capital account. The representatives of the school also conceded that no earmarked development fund account or depreciation reserve fund account were maintained by the school. They contended that the same had been opened in March 2015.

Vide written submissions dated 20/03/2015, the school submitted that it had run up a deficit on account of implementation of VI Pay Commission report and the Committee ought to rectify the situation in light of the judgment the Hon'ble Delhi High Court in CWP No. 8147/2009, 10801/2009 pronounced on 12/08/2011. The school filed its own calculation sheet, showing a deficit of Rs. 4,15,27,840, after implementation of VI Pay Commission report.

As regards the fee hike effected by the school, it was submitted that the fee hike was within the limit allowed as per order dated 11/02/2009 of the Directorate of Education. The hike was duly approved by the Managing Committee of the school and also intimated to the Directorate of Education and no objection had whatsoever had been raised by it.

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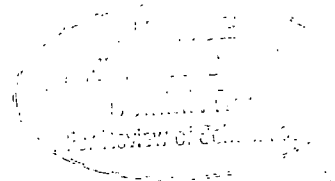
As regards the specific information sought by the Committee, the school furnished the same in a tabular format. The figures, in so far as they are relevant, as submitted by the school, are as under:

Fee	2008-09	2009-10	2010-11
Arrear fee for the period from 01.01.2006 to 31.08.2008	66,90,725	0	0
Arrear fee (Tuition fee) for the period from 01.09.2008 to 31.03.2009	46,32,600	0	0
Arrears of Development fee	7,19,564	0	0
Regular/ Normal Tuition Fee	3,86,10,061	4,76,56,313	5,30,78,859
Regular/ Normal Development Fee, if treated as revenue receipt	57,50,352	71,52,977	79,52,587
Salary			
Arrear Salary for 01.01.2006 to 31.08.2008	1,70,04,891	0	0
Arrear Salary for 01.09.2008 to 31.03.2009	76,56,147	0	0
Regular/ Normal Salary	2,66,71,669	4,47,29,413	5,16,99,950

At page 5 of the written submissions, it was conceded that a sum of **Rs. 97,21,841** was still outstanding as liability for arrears as on 31/03/2014 (during the course of hearing, it was conceded that the position remained the same as on 31/03/2015 also). From the figures of outstanding liability as at the close of each year submitted by the school, it is apparent that not a penny had been paid towards the arrear liability after 31/03/2012 on which date also, the liability was the same i.e. Rs. 97,21,841. It was, however, contended that the school had disbursed more amount by way of arrear salary than the amount of arrear fee collected by it.

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The school also filed detailed calculations of its accrued liability for gratuity and leave encashment. As per the details filed, the liabilities on these two accounts as on 31/03/2010 were **Rs. 1,60,45,470** and **Rs. 28,54,146** respectively. The school contended that it needed to keep funds in reserve to meet these liabilities and also for meeting any unforeseen contingency.

In the written submissions dated 25/03/2015, the school stated that the nursery school had shut down on 31/03/2008 and thereafter, there is only one school.

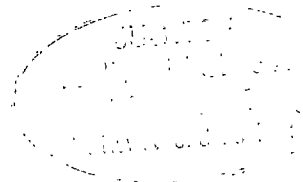
Discussion:

The Committee has examined the annual returns filed by the school, the reply to the questionnaire issued by the Committee, submitted by it, the preliminary calculation sheet prepared by the CAs detailed with the Committee, the calculation sheet filed by the school as well as the written and oral submissions made during the course of hearing by its representatives. Before proceeding further, the following issues need to be settled in order to arrive at the proper conclusions with regard to justifiability of the tuition fee hike effected by the school:

- (a) Whether the Committee ought to factor in the amount of arrears payable, as provided by the school in its books of

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accounts or the amount of arrears actually paid by the school?

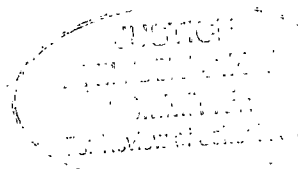
(b) Whether the funds available with the nursery school as on 31/03/2008, which were not transferred to the main school consequent to its merger, ought to be considered as funds available for implementing the recommendations of the VI Pay Commission report?

(c) Whether the accrued liability of gratuity and leave encashment ought to be excluded from the funds available for the purpose of implementation of VI Pay Commission report and further whether the school ought to be allowed to retain any reserve for future contingencies and if yes, to what extent?

So far as issue at S.No. (a) is concerned, the Committee notes that right in the beginning, in its reply to the questionnaire issued by the Committee, the school had furnished only a detail of arrears actually paid by it on 10/12/2009 and 19/08/2010. There was not even a whisper of any arrears remaining to be paid in the reply to the questionnaire. Further, during the course of hearing also, at no stage, the school furnished the employee wise detail of the arrears still payable or claimed by any staff member. The only contention of the school is that such arrears had been provided in the balance sheet and are still as shown payable in the balance sheet as on

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31/03/2015. The Committee also notes that the amount of arrears shown as payable in the balance sheet were Rs. 99,13,413 as on 31/03/2011 which were slightly reduced to Rs. 97,21,841 as on 31/03/2012 and thereafter this figure has remained constant at Rs. 97,21,841 till 31/03/2015. If at all such arrears were payable to the staff, they would have surely claimed the same and would not have kept quiet for almost five years since the last payment. No reason whatsoever has been adduced by the school for non payment of such liability. This leads to the inference that there was no such liability and if at all, there was such a liability it was settled with the concurrence of the staff. The Committee is therefore of the view that for the purpose of making relevant calculations, only the amount of arrears which have actually been paid have to be considered.

So far as issue at S.No. (b) is concerned, the Committee is of the view that nursery school is part of the main school. The nursery school is the entry level school where the students are admitted in the first instance and they automatically graduate to the main school after completing the pre primary classes, irrespective of whether both the schools are located in the same campus or not, both of them ought to be considered as one school and the funds available with both the schools should be considered as available. This view of the Committee is based upon circular No. 15072-15871 (Act Branch) dated 23/03/1999 of the Directorate of Education, Govt. of Delhi, which

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was issued pursuant to the directions of the Hon'ble High Court of Delhi in CWP No. 3723/97, under sub section (1) of Section 3 of the Delhi School Education Act, 1973, read with Rule 43 of the Delhi School Education Rules, 1973. This being so, the said circular has a statutory flavour. It reads as follows:

"In pursuance of the directions of the Hon'ble High Court of Delhi in CWP No. 3723/97, to curb the commercialisation, to check the malpractices and to streamline the education at pre-primary level, I, S.C. Poddar, Director of Education in exercise of the powers so conferred upon me under sub-section (1) of section 3 of the Delhi Education Act, 1973, read with rule 43 of Delhi School Education Rules, 1973 order with immediate effect that:

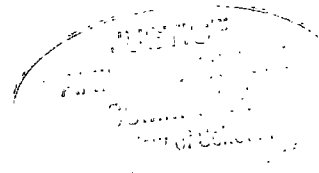
1. All pre-primary schools being run by the registered societies/trusts in Delhi as branches of recognised schools by the appropriate authority in or outside the school premises shall be deemed as one institution for all purposes.
2. All such pre-primary schools running as branches of recognised schools shall comply with the directions of the Hon'ble High Court in CWP No. 3723/97, provisions of Delhi Schools Education Act, 1973 and the Rules made thereunder and the directions/instructions issued by the Directorate of Education from time to time.
3. No student shall be admitted in pre-primary classes by what so ever name it may be called unless he has attained the age of 4 years as on 30th September of the academic year in which admission is sought."

(emphasis supplied by us)

In the case of this school, a strange thing happened. While the fixed assets of the nursery school were transferred to the main school on its merger w.e.f. 01/04/2008, its liquid assets and current assets were not transferred. The nursery school had a bank balance of Rs. 25,17,960 and FDRs worth Rs. 1,72,99,763 as on 31/03/2008.

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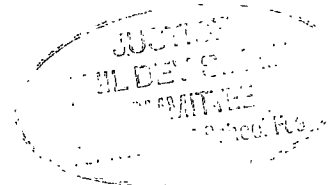
Maharaja Agarsain Public School, Ashok Vihar, Phase-IV, Delhi-110052

These were not transferred to the main school but were subsequently withdrawn or utilised for other purposes by the Parent Society running the school. While the school claimed that the nursery school stood merged with the main school w.e.f. 01/04/2008, its bank account remained alive even till 31/03/2015. The funds were systematically transferred out of this account. Further the nursery school had also lent a sum of Rs. 85,50,734 to its Parent Society as on 31/03/2008. Transfer of funds by the school to the Parent Society is forbidden as per the law laid down by the Hon'ble Supreme Court in the cases of Modern School vs. Union of India (2004) 5 SCC 583 and Action Committee Unaided Pvt. Schools and Ors. v. Director of Education and Ors. 2009 (11) SCALE. The Committee is therefore of the view that the funds available in the account of the nursery school as on 31/03/2008 have to be considered as part of funds available with the main school for implementation of the recommendations of the VI Pay Commission.

So far as issue at S. No. (c) is concerned, the Committee has taken a consistent view in the cases of all the schools that the schools should not denude themselves of the entire funds available with them for implementation of recommendations of VI Pay Commission but ought to retain funds which would be required to meet its accrued liabilities on gratuity and leave encashment. Further the schools ought to retain funds equivalent to four months

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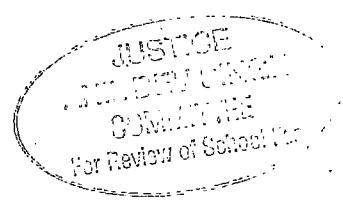


Maharaja Agarsain Public School, Ashok Vihar, Phase-IV, Delhi-110052

salary for any unforeseen contingency. However, while perusing the details of accrued liability of gratuity, the Committee observed that in case of some of the staff members, the school had shown the liability in excess of Rs. 3.50 lacs as on 31/03/2010. On this date, the statute provided a ceiling of Rs. 3.50 lacs as the maximum amount payable as gratuity. Hence the Committee, in its calculations has restricted the gratuity to a maximum of Rs. 3.50 lacs.

Based on examination of financials of the school and the information furnished during the course of hearing, the Committee drew up a preliminary calculation sheet, as follows:

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**Maharaja Agarsain Public School, Ashok Vihar, Phase-IV, Delhi-
110052**

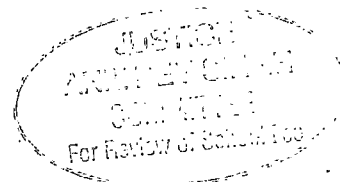
Statement showing Fund available as on 31-03-2008 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report				
	Particulars (Nursery School+ Main School)	Sr. School	Nursery	Total
	<u>Current Assets</u>			
	Cash in hand	-	-	-
	Bank Balance	11,235,145	2,517,960	13,753,105
	FDRs with accrued interest	17,749,547	17,299,763	35,049,310
	Sundry Receivables	437,271	-	437,271
	Fee Receivable	10,540	-	10,540
	Staff advances	10,788	2,136	12,924
	Agarwal Welfare Society	(1,059,909)	8,550,734	7,490,825
	Inter school Balances	106,057	(106,057)	-
	Total Current assets (A)	28,489,439	28,264,536	56,753,975
Less	<u>Current Liabilities</u>			
	Sundry Payables	143,127	-	143,127
	Advance fee received	1,798,155	-	1,798,155
	Expenses payable (including salary payable)	1,911,057	247,399	2,158,456
	Earnest money deposit	5,000	-	5,000
	TDS	21,958	263	22,221
	Security Refundable	2,399,650	464,750	2,864,400
	Total Current Liabilities (B)	6,278,947	712,412	6,991,359
	Net Current Assets + Investments (C=A-B)	22,210,492	27,552,124	49,762,616
Less	Arrear of Salary as per 6th CPC w.e.f. 01.01.06 to 31.08.2008	7,283,050	-	7,283,050
	Arrear of Salary as per 6th CPC w.e.f. 01.09.08 to 31.03.2009	7,656,147	-	7,656,147
	Incremental Salary in 2009-10 (as per working given below)	17,917,224	-	17,917,224
	Total (D)	32,856,421	-	32,856,421
	Excess / (Short) Fund Before Fee Hike (E=C-D)	(10,645,929)	27,552,124	16,906,195
Add	Tuition Fee Arrear for the period 01.01.06 to 31.08.08	6,690,725	-	6,690,725
	Tuition Fee Arrear for the period 01.09.08 to 31.03.09	4,632,600	-	4,632,600
	Development fee arrear for the period 01.09.08 to 31.3.09	719,564	-	719,564
	Incremental Tuition fee in 2009-10 (as per working given below)	9,046,252	-	9,046,252
	Total (F)	21,089,141	-	21,089,141
	Excess / (Short) Funds After Fee Hike (G=E+F)	10,443,212	27,552,124	37,995,336
Less	Funds to be kept in reserve			
	a) For accrued liability of gratuity as on 31.03.2010 *	15,579,011	-	15,579,011
	b) For accrued liability of leave encashment as on 31.03.2010	2,854,146	-	2,854,146
	c) Reserve for future contingencies equivalent to 4 months salary	14,692,243	-	14,692,243
	Total Funds to be kept in reserves (H)	33,125,400	-	33,125,400
	Excess / (Short) Funds (I=G-H)	(22,682,188)	27,552,124	4,869,936

* Capped at Rs. 3.50 lacs (maximum payable as on 31.3.2010)

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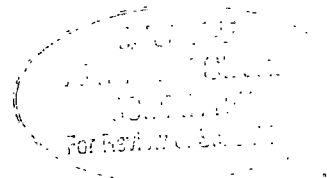
Maharaja Agarsain Public School, Ashok Vihar, Phase-IV, Delhi-110052

Working Notes:

Sr. Sec. School + Nursery	2008-09	2009-10
Normal/ regular salary		
	<u>26,159,505</u>	<u>44,076,729</u>
Incremental salary in 2009-10	<u>17,917,224</u>	
Sr. Sec. School + Nursery	2008-09	2009-10
Regular/ Normal Tuition fee	38,610,061	47,656,313
Incremental tuition fee in 2009-10	<u>9,046,252</u>	
<u>Detail of Normal/ regular salary</u>		
Total Salary Expenditure as per I & E Account	26,671,669	44,729,413
Less: Items excluded :		
Honorarium	14,000	4,000
Wages	426,343	411,008
Incentives	71,821	
Compensation		198,000
Gratuity		33,365
Leave Encashment		<u>6,311</u>
	<u>512,164</u>	<u>652,684</u>
Net Salary	26,159,505	44,076,729

As would be apparent from the above calculations, the school had funds available with it to the tune of Rs. 4,97,62,616 as on 31/03/2008. The funds required to be kept in reserve as determined by the Committee for accrued liability of gratuity, leave encashment and reserve for future contingencies were Rs. 3,31,25,400, leaving a sum of Rs. 1,66,37,216. The total financial impact of implementation of the recommendations of VI Pay Commission, including payment of arrear salary was to the tune of Rs. 3,28,56,421 upto 31/03/2010. Thus the school required to raise a sum of Rs. 1,62,19,205 by way of fee hike and recovery of arrear fee. However, the school by hiking the fee w.e.f. 01/04/2009 and recovering the arrears for the period 01/01/2006 to 31/03/2009, generated a sum of Rs. 2,10,89,141. Thus prima facie

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Maharaja Agarsain Public School, Ashok Vihar, Phase-IV, Delhi-110052

the school recovered a sum of **Rs. 48,69,936** in excess of its requirements.

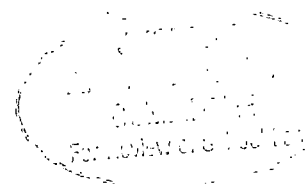
A copy of the aforesaid calculation sheet was given to the school along with the notice of hearing dated 29/06/2015, providing an opportunity to the school to have its say on the same. The date of hearing was fixed as 30/07/2015, which was rescheduled to 01/08/2015. On this date, Sh. S.K. Sharma, Administrative Officer of the school appeared along with Sh. Nalin Grover, Accountant. They sought some more time to respond to the preliminary calculations made by the Committee on the ground that the Management of the school could not find time to go through the same. The Committee felt that the school had been given a sufficiently long time and no further time ought to be allowed. The hearing was closed, however the school was given a liberty to file written submissions in rebuttal of the preliminary calculations.

The school availed of the liberty granted by the Committee and filed written submissions dated 08/08/2015. In its submissions, the school disputed the preliminary calculations, raising the following contentions:

- (a) The Committee ought to have also taken into account the arrears of salary which had not been paid i.e. a sum of Rs. 97,21,841.

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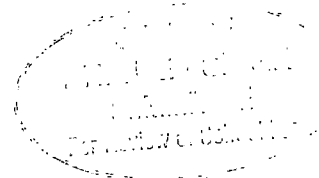
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- (b) While calculating the reserve for future contingencies, the expenses other than salary ought also be taken into account.
- (c) The nursery school is an independent unit on a separate plot of land and hence the funds available with it ought not to have been considered.

While the contentions of the school at (a) & (c) have already been dealt with supra and for the reasons mentioned earlier in this recommendation, the Committee does not find any merit therein, the contention at S.No. (b) needs to be dealt with.

There is no provision in the statute for allowing the schools to retain funds equivalent to four months salary for future contingencies. Rule 177 of Delhi School Education Rules provide for a reserve equivalent to 10% of the savings as calculated in accordance with the provisions of that rule. The Rules do not provide for any statement to be prepared by the schools on yearly basis to show as to how much reserves are maintained by the schools in accordance with Rule 177. Even this school has not filed any statement to show as to how much reserve is required to be maintained in accordance with this Rule. In fact, no school is preparing any such statement and the law also does not provide for preparation of any such statement. Considering this lacuna, the Committee after taking the views of various stakeholders, initially

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arrived at a conclusion that the schools ought to maintain a reserve equivalent to three months salary at all times, since at the time of recognition of the schools, the Directorate of Education requires an FDR equivalent to three months salary to be kept. However, realizing that salary, although a dominant component of the total expenditure of a school, is not the only component of expenditure, the Committee took a conscious decision that an amount equivalent to one more month's salary ought to be kept in reserve for future contingencies. Thus, so far as this contention of the school is concerned, the Committee and the school are on the same page. However, while quantifying the amount of funds to be kept in reserve as equivalent to four months salary, the Committee has already met the contention of the school.

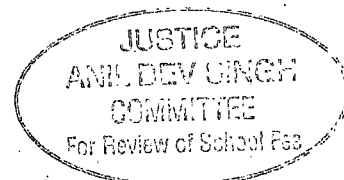
In view of the foregoing discussion, the Committee is of the view that no adjustments are required to be made to the preliminary calculations made by it. The school has recovered a sum of **Rs. 48,69,936** in excess of its requirements for the purpose of implementation of recommendations of VI Pay Commission, which it ought to refund along with interest @ 9% per annum.

Development Fee:

As noticed supra, the school treated development fee as a revenue receipt and only meager amounts were shown as having been spent on capital account. The representatives of the school also

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Maharaja Agarsain Public School, Ashok Vihar, Phase-IV, Delhi-110052

conceded that no earmarked development fund account or depreciation reserve fund account were maintained by the school. They contended that the same had been opened in March 2015. Thus the school was not fulfilling any of the pre conditions laid down 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 school admittedly recovered a sum of **Rs. 71,52,977** as development fee the year 2009-10 and **Rs. 79,52,587** in the year 2010-11. The Committee is not considering the issue of development fee for the years prior to 2009-10, as the mandate of the Committee is to consider the issue of fee charged by the school pursuant to order dated 11/02/2009. The school ought to refund the development fee charged in the years 2009-10 and 2010-11 along with interest @ 9% per annum. In respect of the development fee charged in the prior years, the Director of Education may take an appropriate view in accordance with law.

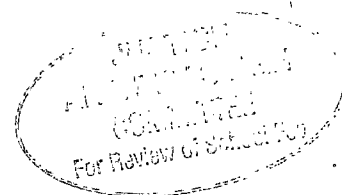
Recommendations:

In view of the foregoing discussion and 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:

- (a) Rs. 48,69,936 out of the tuition fee hiked for the year 2009-10,**

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Maharaja Agarsain Public School, Ashok Vihar, Phase-IV, Delhi-110052

(b) Rs. 71,52,977 charged as development fee for the year 2009-10 and Rs. 79,52,587 for the year 2010-11.

Recommended accordingly.

Sd/-
CA J.S. Kochar
Member

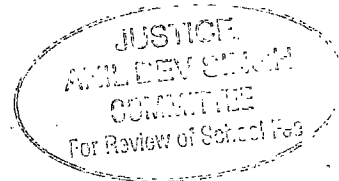
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated: 28/08/2015

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Lancer's Convent Sr. Sec. School, Prashant Vihar, Rohini, Delhi-110085

In response to the questionnaire dated 27/02/2012, issued by the Committee, the school, vide its letter dated 02/03/2012, stated as follows:

- (a) It had implemented the recommendations of Vith Pay Commission w.e.f. 01/09/2008. The total monthly salary prior to implementation of VI Pay Commission was Rs. 20,96,674 which rose to Rs. 36,40,746 after implementation.
- (b) It had paid the arrears of salary for the period 01/01/2006 to 31/08/2008, which amounted to Rs. 1,77,57,114.
- (c) It had hiked the fee in pursuance of order dated 11/02/2009 issued by the Director of Education w.e.f. 01/04/2009. The total tuition fee recovered from students in the year 2008-09 was Rs. 7,93,91,400 which rose to 10,26,17,280 in 2009-10 as a result of the fee hike.
- (d) It had recovered the arrears of fee for the period 01/01/2006 to 31/03/2009 and the total sum recovered on this account was Rs. 2,64,46,333.

Based on the above reply, the school was placed in category 'B' for verification.

As per the annexure to the reply to the questionnaire, the fee charged by the school prior to the hike effected by it and post the hike effected by it, for different classes was as follows:

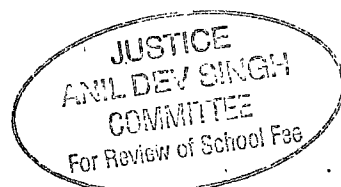


Lancer's Convent Sr. Sec. School, Prashant Vihar, Rohini, Delhi-000055
110085

Class	Monthly tuition fee in 2008-09 (Rs.)	Monthly tuition fee in 2009-10 (Rs.)	Amount of monthly fee hike (Rs.)
Prep	1600	2000	400
I to V	1445	1745	300
VI to VIII	1675	2075	400
IX & X	1745	2145	400
XI & XII	2170	2670	500

In addition to tuition fee, development fee was charged @ 10% of tuition fee in 2008-09 and @ 15% of tuition fee in 2009-10.

Preliminary calculations were made by the Chartered Accountants attached with the Committee (CAs). They projected that the school had recovered a sum of Rs. 84,95,144 as excess fee for the purpose of implementation of the recommendations of VI Pay Commission. However, while reviewing the calculations, the Committee observed that the CAs had not factored in the requirement of the school to keep funds in reserve for meeting accrued liabilities of gratuity, leave encashment and contingency reserve, besides some other short comings were also observed in their calculation sheet. The Committee observed that initially the school had furnished the balance sheets of Anand Education Society which is the parent society of the school, as part of returns under Rule 180 of Delhi School Education Rules, 1973. Subsequently on being requisitioned, the school submitted the balance sheets of the school. In order to make the relevant calculations, the Committee issued a notice dated



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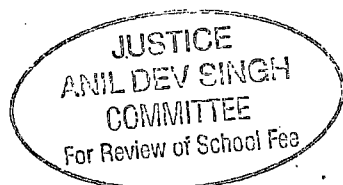

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Lancer's Convent Sr. Sec. School, Prashant Vihar, Rohini, Delhi-110085

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25/09/2014 to the school requiring it to furnish the information regarding the break up of regular as well as arrear fee recovered and salary paid for the years 2008-09 to 2010-11, in a structured manner. The school was also required to furnish details of its accrued liabilities of gratuity and leave encashment, a statement of account of the parent society as appearing in the books of the school, copy of the circular issued to the parents regarding fee hike and reply to a specific questionnaire regarding development fee in order to examine whether the school was following the pre conditions laid down by the Duggal Committee which were subsequently affirmed by the Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583, for charging development fee. The school was also afforded a hearing on 13/10/2014.

On the date of hearing, the school furnished the details as asked for . Sh. Vijay Kumar, Accounts Officers and Sh. Parmod Kumar, Accounts Assistant of the school appeared along with Sh. Pawan Chhikara, Chartered Accountant. They were heard by the Committee. They contended that the school fully implemented the recommendations of VI Pay Commission and also paid full amount of arrear salary. All such payments were through bank transfers. They also contended that the school hiked the fee and recovered arrears in terms of the order dated 11/02/2009 issued by the Director of Education and such recovery of fee was justified as the school could



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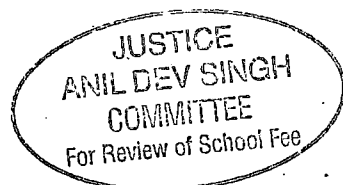

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not have met the additional liabilities which arose on implementation of the recommendations of VI Pay Commission out of its own resources.

With regard to development fee, they reiterated the submissions made in the reply to the questionnaire regarding development fee which was also submitted on that date. As per the reply, the school recovered development fee for all the five years for which information was sought. Development fee was treated as a capital receipt. However no earmarked fund accounts were maintained in respect of unutilised development fee and depreciation reserve. However, as per the breakup of fee filed by the school, the Committee observed that in 2009-10, the development fee was treated as a revenue receipt. From the circulars issued to the parents regarding fee hike, it was discernible that the development fee was originally charged @ 10% of tuition fee. However, the arrears for the period 01/09/2008 to 31/03/2009 were demanded @ 15% of the tuition fee. The representatives of the school conceded this position.

The information regarding fee and salary subsequently furnished by the school was slightly at variance with the information furnished initially in reply to the questionnaire issued by the Committee. However, the information furnished subsequently during the course of hearing is found to be tallying with the audited



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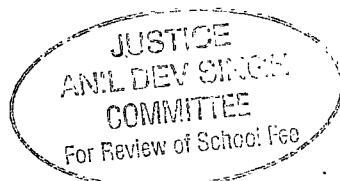
financials of the school and the same has therefore been used for making the relevant calculations.

Based on the information furnished by the school and its audited financials, the following calculation sheet was drawn by the Committee:

Statement showing Fund available as on 31.03.2008 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report based on the Balance sheet of the Anand Education Society running the School			
	Particulars	Amount (Rs.)	Amount (Rs.)
	Current Assets		
	Cash in hand	332,259	
	Bank Balance	5,786,412	
	FDRs	20,727,551	
	Loans & Advances	1,466,424	
	TDS Recoverable	91,402	28,404,048
Less	Current Liabilities		
	Lancers Convent Scholarship	38,500	
	Refundable Security	1,213,000	
	Expenses Payable	3,110,073	
	IOB & BOB Current Account	1,796,549	6,158,122
	Net Current Assets + Investments		22,245,926
Less	Arrear of Salary as per 6th CPC 1.1.2006 to 31.8.2008	17,757,114	
	Arrear of Salary as per 6th CPC 1.9.2008 to 31.3.2009	9,993,624	
	Incremental Salary for 2009-10 (as per calculation given below)	23,499,495	51,250,233
	Excess / (Short) Fund Before Fee Hike		(29,004,307)
Add	Arrear of tuition fee w.e.f 01.01.06 to 31.08.08	14,257,867	
	Arrear of tuition fee w.e.f 01.09.08 to 31.03.09	10,689,700	
	Arrear of development fee w.e.f. 01.9.08 to 31.3.09	514,448	
	Incremental fee for 2009-10 (as per calculation given below)	18,881,109	44,343,124
	Excess / (Short) Fund After Fee Hike		15,338,817
Less	Reserve required to be maintained:		
	for future contingencies (equivalent to 4 months salary)	17,394,814	
	for Gratuity as on 31.03.2010		17,394,814
	for Leave Encashment as on 31.03.2010		
	Excess / (Short) Fund		(2,055,997)

Development fee refundable being treated as revenue receipt

2009-10	18,872,746
2010-11	18,543,215
Total	37,415,961
Less: shortfall in tuition fee	(2,055,997)
Net amount refundable	35,359,964



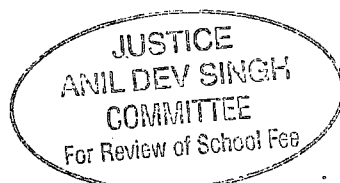
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Working Notes:

	2008-09	2009-10
Normal/ regular salary	28,751,219	52,184,441
PF employers Share	1,287,579	1,348,328
PF Admn. Charges	119,207	124,731
Total	30,158,005	53,657,500
Incremental salary in 2009-10	23,499,495	
	2008-09	2009-10
Normal/ Regular Tuition fee	89,798,976	108,680,085
Incremental tuition fee in 2009-10	18,881,109	

As would be apparent from the above calculation sheet, the school had available with it a sum of Rs. 2,22,45,926 as on 31/03/2008. In view of the consistent position taken by this Committee, the school was required to keep a sum of Rs. 1,73,94,814 equivalent to four months salary in reserve for future contingency and only the balance of Rs. 48,51,112 could have been utilised for implementing the recommendations of VI Pay Commission. No account was taken for the requirement of school to keep funds in reserve for accrued liabilities of gratuity and leave encashment as the school did not provide the relevant details. The additional liabilities on account of implementation of VI Pay Commission amounted to Rs. 5,12,50,233 upto 31/03/2010. Thus the school needed to hike its fee/recover arrear fee so as to yield an additional revenue of Rs. 4,63,99,121. The recovery of arrear fee and incremental fee in 2009-10, yielded a sum of Rs. 4,43,43,124. Thus the school incurred a deficit of Rs. 20,55,997. However, since the school was admittedly not complying with the recommendations of Duggal Committee, affirmed by the Supreme Court in the case of Modern School (supra), the



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development fee charged in 2009-10 and 2010-11 pursuant to order dated 11/02/2009 issued by the Director of Education was prima facie refundable to the students. The amount charged in 2009-10, in any case was treated as a revenue receipt and partially used for meeting the deficit on account implementation of VI Pay Commission report. The amount charged as development fee in these two years by the school were Rs. 1,88,72,746 and Rs. 1,85,43,215 respectively. After accounting for the shortfall in tuition fee, the Committee was of a prima facie view that the school ought to refund a sum of **Rs. 3,53,59,964** out of the recovery of development fee for these two years.

A copy of the above calculation sheet was furnished to the school along with notice of hearing dated 01/12/2015. The school was also given an opportunity of being heard on the above calculation sheet on 09/12/2015. On this date, the representatives of the school appeared and were heard on the calculation sheet. They contended that the treatment of development fee as a revenue receipt in 2009-10 was only as an accounting issue and as a matter of fact the amount had been utilised for purchase of eligible fixed assets. However, they conceded that the school neither maintained an earmarked development fund account nor an earmarked depreciation reserve fund account. However, they sought time from the Committee to

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ANIL DEV SINGH
COMMITTEE
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furnish details of accrued liabilities of gratuity and leave encashment.

They were directed to file the same within three days.

On 11/12/2015, they furnished the details of gratuity and leave encashment employee wise. As per the details furnished, the school had an accrued liability of **Rs. 1,34,66,707** on account of gratuity and **Rs. 72,29,453** on account of leave encashment. The details were examined by the Committee and were found to be in order. The school raised an additional plea that while working out the funds available as on 31/03/2008, the Committee had not taken into account a loan of **Rs. 1,80,00,000** which the school had taken on a short term basis. The Committee has examined the balance sheet of the school and observes that the loan was taken against FDRs held by the school. The Committee agrees that since the FDRs have been taken as part of funds available with the school, the corresponding liability of loan against such FDRs ought also be factored in.

Discussion & Determination:

In view of the above discussion, the Committee makes the following determinations:

Particulars		Amount (Rs.)
Amount refundable as per the preliminary calculation sheet		3,53,59,964
Less:		
(a) Reserve for gratuity	1,34,66,707	
(b) Reserve for leave encashment	72,29,453	
(c) Loan against FDR	1,80,00,000	3,86,96,160
Amount finally determined to be refundable		Nil

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Arrears of Development Fee for the period 01/09/2008 to 31/03/2009:

As noted supra, the school was originally charging development fee @ 10% of tuition fee for the year 2008-09 as per the original fee statement filed under section 17(3) of the Delhi School Education Act (DSEA), 1973. However, pursuant to order dated 11/02/2009, the schools were allowed to recover the differential development fee on account of increase in tuition fee for the period 01/09/2008 to 31/03/2009 and use the same for payment of arrear salary. Thus the school could have recovered the arrears of additional development fee only @ 10% of the additional tuition fee. However, the school recovered the same @ 15%. This amounts to increase in fee in the middle of the academic session, which is prohibited by section 17(3) of DSEA, 1973, except with the prior approval of the Director. Admittedly, no prior approval was taken by the school in increasing the development fee from 10% to 15% of tuition fee w.e.f. 01/09/2008. Thus, the school illegally recovered 5% of tuition fee as additional development fee for the period 01/09/2008 to 31/03/2009 and such illegal recovery has to be refunded irrespective of whether the school was in deficit or not on implementation of the recommendations of VI Pay Commission.

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Recommendations:

While no intervention in the matter of recovery of arrear fee or incremental tuition fee for the year 2009-10 is called for, the school ought to refund the arrears of additional development fee charged in excess of 10% of tuition fee for the period 01/09/2008 to 31/03/2009, along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

CA J.S. Kochar
Member

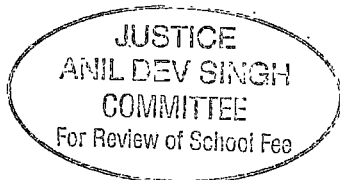
Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Dated: 26/12/2015



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1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the schools 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.
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.
3. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. 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 24.01.2014, required the school to appear on 11.02.2014 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.

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5. On 11.02.2014 Sh. Bhagwan Solanki, Manager of the school attended the Office of the Committee and produced the record for the scrutiny by the Audit Officer of the Committee. Reply to the questionnaire was also filed. As per the reply :-

- (i) The school had implemented the recommendations of the 6th Pay Commission w.e.f. 01.04.2009.
- (ii) The school had hiked the fee in terms of the order of the Director of Education dated 11.02.2009, w.e.f. 01.04.2009.

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 has claimed to have implemented the recommendations of the 6th Pay Commission.
- (ii) The school hiked 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 by 10%.

The Audit Officer after examination of the record produced by the school returned the same to the representative of the school.

7. By notice dated 01.04.2015, the school was asked to appear on 10.04.2015 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.

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8. On 10.04.2015, Ms. Mona Singh, Principal, Sh. Pradeep Kumar Jain Accountant and Sh. Sunny, Member of Governing Body of the school appeared before the Committee and produced the record. They contended that the school has implemented the recommendations of the 6th Pay Commission w.e.f. 01-04-2009 and also claimed to have paid arrears to the tune of Rs.10,58,205/- to the staff. The Committee, on examination of books of accounts and the bank statement observed that a sum of Rs.9,04,653/- out of the arrears was paid in cash. The rest of the amount appeared to have been paid through bearer cheques. The Committee also observed that a large component of salary was also paid in cash in 2008-09 and 2009-10. The Audit Officer of the Committee was directed to tabulate the salary paid in cash/bearer cheques and through bank transfer.

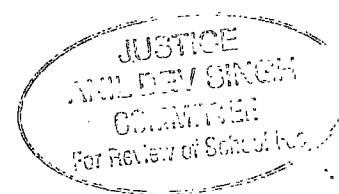
The Audit Officer of the Committee after examination of the record of the school has reported that the school has paid salaries in cash by 0.4% in 2008-09 and whereas in 2009-10 the payment of salary in cash has been to the extent of 30%.

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

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behalf 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: -

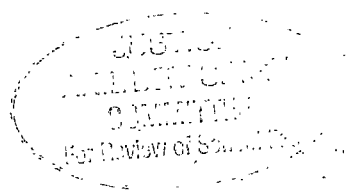
Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I to III	950	1150	200	1260	110
IV to V	1030	1330	300	1460	130
VI to VIII	1175	1475	300	1620	145
IX & X	1300	1600	300	1750	150
XI & XII	1425	1725	300	1890	165

10. From the above, it is manifest that the school had increased the fee during the year 2009-10, in terms of the order of the Director of Education dated 11.2.2009. During 2010-11, there was hike by 10% for all classes.

11. According to school it has implemented the recommendations of the Sixth Pay Commission. But it transpires that the salary and arrears of salary were paid in cash or through bearer cheques. We find the many schools have taken this plea that they had implemented the recommendations of the Sixth Pay Commission by paying the salary/arrears of salary to the teachers in cash/bearer cheques. Such a plea gives a lie to the stand of the school that it had implemented the recommendations of the 6th Pay Commission as there is no plausible and

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convincing reason, why the payment was not made by bank transfer or by account payee cheques. Therefore, in our view the school has not implemented the recommendations of the Sixth Pay Commission.

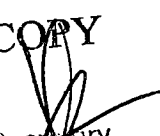
12. As per record the school has not charged development fee.

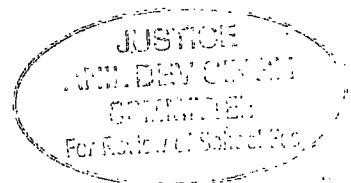
RECOMMENDATION

Re. Fee Hike

Since the school has hiked the tuition fee in 2009-10, in terms of the order of the Director of Education, 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.

Further, the fee hiked in 2009-10 is also part of the fee for the subsequent years. This being so 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, for above mentioned

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classes, 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

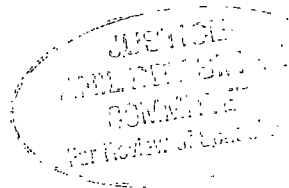
Sd/-

Dr. R.K. Sharma
Member

Dated : 01.08.2015

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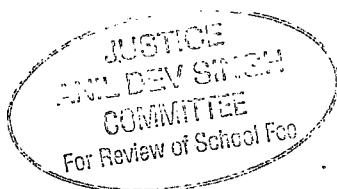

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The case of this school shows how certain schools try to hoodwink and manipulate various authorities which are engaged in the regulation of education in the state of Delhi. The functioning of this Committee was also sought to be undermined by the school authorities by putting up false and misleading pleas at every stage.

Copies of the annual returns filed by the school under Rule 180 of Delhi School Education Rules, 1973, were received by the Committee from the office of Dy. Director of Education, West B under cover of its letter dated 16/04/2012. The DDEs were advised by the Committee in a meeting held on 19/01/2012 to transmit the copies of such returns for the years 2006-07 to 2010-11 to the Committee. It appears that instead of forwarding the returns already submitted by the school every year, the DDE advised the school to furnish copies of the returns afresh. This school while forwarding the copies of the returns did not furnish the fee statement for the year 2008-09 which would have been part of the annual return for that year. In its stead, it submitted a statement styled as 'Schedule of Fee/late fee' which merely stated as to when the fee for different months ought to be paid. The amount of fee charged by the school under different heads were remarkably not mentioned. This was an exceptional statement which was filed in this manner only for the year 2008-09. However, there appears another document in the file which is a letter dated 25/03/2008 addressed by the school to Dy. Director of Education,



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purportedly submitting the fee statement for the year 2008-09 as per the provision of Section 17(3) of Delhi School Education Act, 1973.

The fee statement enclosed with this letter is as follows:

STATEMENT OF FEE TO BE LEVIED IN ACADEMIC SESSION 2008-09

Fee Structure for the Session 2008-09						
Classes	Admission Charges			Annual Charges		Monthly Fee
	Reg. Fee	Adm. Fee	Caution Money	Annual charges	Development Charges	
Pre primary-V	25	200	500	4000	3300	2160
VI-VIII	25	200	500	4000	3300	2220
IX - X	25	200	500	4000	3300	2250
XI-XII (Sci.)	25	200	500	4000	3300	2425
XI-XII (Comm.)	25	200	500	4000	3300	2370
XI-XII (with Comp.)	25	200	500	4000	3300	2600

Subsequently the Committee received a complaint from the parents of the school which alleged inter alia, that the fee hiked by the school in pursuance of order dated 11/02/2009 issued by the Director of Education for the purpose of implementation of the recommendations of VI Pay Commission was in excess of the maximum amount permitted by the said order. Similarly, the lump sum arrears charged by the school were also in excess of what was permitted by the Director of Education. In support, they filed a copy of the fee challan issued by the school for deposit of fee for the month of April 2008 (**Year 2008-09**) to a student of Class I B. As per the fee



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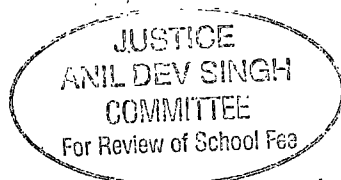
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challan, a sum of Rs. 4000 was the annual charges, Rs. 3300 was required to be deposited as development charges, **Rs. 1610 as monthly fees, Rs. 550 as 'Scholastic enrichment charges/Academic support material and Other activity charges'**, Rs. 225 as swimming pool charges.

Another extract of the fee booklet issued to a student of Class II A for the **year 2009-10** was filed which, in fact gave the fee schedule of all the classes of the school. The particulars of fee as per this schedule were as follows:

Classes	Annual Charges		Monthly Tuition Fee	Monthly Swimming pool charges
	Annual charges	Development Charges		
Pre primary-V	4000	4200	2660	225
VI-VIII	4000	4200	2720	225
IX - X	4000	4200	2750	225
XI-XII (Sci.)	4000	4200	2925	225
XI-XII (Comm.)	4000	4200	2870	225
XI-XII (with Comp.)	4000	4200	3045	225

With the help of these fee challans issued to the students of class I & II for which the fee was identical in the two years, it was contended that the monthly tuition fee hike effected by the school pursuant to order dated 11/02/2009 was Rs. 1050 per month as it



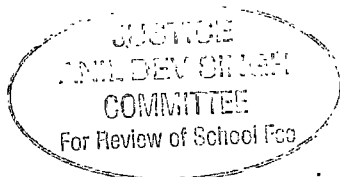
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rose from **Rs. 1610** in 2008-09 to **Rs. 2660** in 2009-10. It was contended by the parents that the fee hike permitted for the schools who were charging tuition fee in the slab of Rs. 1501 to Rs. 2000 per month was Rs. 400 per month, while the school had hiked the tuition fee by Rs. 1050 per month for the students of Classes Pre primary to V. It was further contended that the lump sum arrear for this category of schools that was permitted by the aforesaid order was **Rs. 3500** but the school recovered the same @ **Rs. 4500** per student.

The Committee notes that if the fee structure purportedly filed by the school under Section 17(3) of DSEA, 1973 for the year 2008-09 was correct, the school would have been entitled to raise the monthly tuition fee by Rs. 500 per month as the base tuition fee for the year 2008-09 which was projected by the school was in excess of Rs. 2000. Similarly the school would have been entitled to recover the lump sum arrears @ Rs. 4,500 per student. However, as per the fee challan issued to the student of Class I for the year 2008-09 showed the monthly tuition fee to be Rs. 1610, the contention of the parents was also right that the school could have hiked the tuition fee by Rs. 400 per month and recovered the lump sum arrears @ Rs. 3,500 per student. The Committee observes that what the school apparently did was that while in the fee challans, the monthly fee was broken up into two components i.e. Rs. 1610 towards tuition fee and Rs. 550 towards Scholastic enrichment charges/Academic support material and other



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activity charges, in the fee schedule purportedly filed with the Dy. Director Education, the two amounts were clubbed together to make up Rs. 2160 as monthly fee. This crucial engineering done by the school entitled it to raise the monthly tuition fee by Rs. 500 and also recover the lump sum arrear @ Rs, 4,500 instead of Rs. 400 and Rs. 3,500. The Committee had doubts about the fee structure, purportedly filed by the school under Section 17(3) of DSEA, 1973 for reason that the fee structure is to be filed with the Director of Education before the start of the academic year, while the fee challans are issued to the students after the start of the academic year. Normally they ought to conform to the fee structure filed by the school with the Director of Education. The school is not supposed to charge any fee which is at variance with the fee structure filed by the school.

As there was an apparent difference between the fee structure reportedly filed by the school under Section 17(3) of DSEA, 1973 and the fee challans issued to the students, the Committee required the school to respond to the complaint of the parents. The school stated that the parents had lodged similar complaint with the Director of Education who had been pleased to order a special inspection of the school and the report of the special inspection had already been received in which nothing adverse was found against the school. The school was asked to file a copy of the reply submitted by the school to the Director of Education as also copy of the report of special



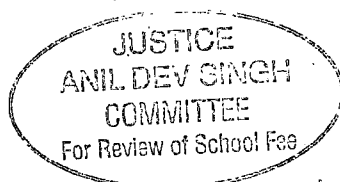
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inspection. The school filed the same under cover of its letter dated 15/07/2014. On perusal of the reply filed by the school with the Director of Education, the Committee noticed that the school had also filed a copy of the fee structure for the year 2008-09 which was filed under Section 17(3) of DSEA, 1973. While the covering letter filed by the school was the same which was filed before the Director of Education was the same as filed before this Committee, the Annexure to the covering letter, which details the fee structure of the year 2008-09, which was filed with the Director of Education was different from the Annexure filed with this Committee. The annexure that was filed with the Director of Education was as follows:

STATEMENT OF FEE TO BE LEVIED IN ACADEMIC SESSION 2008-09

Fee Structure for the Session 2008-09								
Classes	Admission Charges			Annual Charges		Monthly Fee		
	Reg. Fee	Adm. Fee	Caution Money	Annual charges	Development Charges	Monthly fee	Scholastic En. Ch./Academic support material/Scholarship and Other Activities	Total tuition Fee
Pre primary-V	25	200	500	4000	3300	1610	550	2160
VI-VIII	25	200	500	4000	3300	1670	550	2220
IX - X	25	200	500	4000	3300	1700	550	2250
XI-XII (Sci.)	25	200	500	4000	3300	1875	550	2425
XI-XII (Comm.)	25	200	500	4000	3300	1820	550	2370
XI-XII (with Comp.)	25	200	500	4000	3300	2050	550	2600

Even in this fee schedule filed, there were subsequent cuttings by hand to score out the words "En./Ch. And Scholarship and Other Activities". The truncated head after the scoring out reads



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"Scholastic/Academic Support Material". However, as we have noticed above that the fee challan issued to the students had the complete head '**Scholastic enrichment charges/Academic support material and Other activity charges**' printed.

It is apparent that the school has been manufacturing the documents and no reliance can be placed on the documents filed by the school. The special inspectors appointed by the Director of Education have given a very generalized report and do not appear to have cross checked from the records maintained with the Dy. Director of Education with whom the fee schedule was originally filed. The complaint of the parents appears to be well founded. It is not even certain whether the fee schedule subsequently filed as part of the reply to the complaint of the parents with the Director of Education was true or there may surface another fee schedule at another stage. The school has not come before the Committee with clean hands and an adverse inference is required to be drawn against it. This will be further evident from the narration of proceedings before the Committee which will follow. The school's attempt to show the fee charged under the head '*Scholastic enrichment charges/Academic support material and Other activity charges*' as part of its tuition fee for the year 2008-09 cannot be countenanced as the very head of fee indicates that it is a special purpose fee for the other expenses



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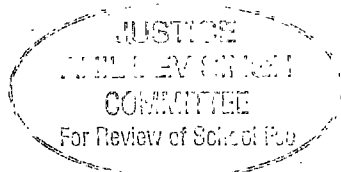
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incurred on other activities. Tuition Fee is primarily charged for payment of salary to the teachers.


Now coming to the narration of proceeding before the Committee, in reply to the questionnaire issued by the Committee on 27/02/2012, the school vide its letter dated 28/02/2012 submitted as follows:

- (a) It had implemented the recommendations of VI Pay Commission and the increased salary was being paid to the staff w.e.f. 01/04/2009. Details of the pre implementation salary were enclosed as Annexure-A and post implementation salary as Annexure-B.
- (b) Payment of arrear salary to staff paid were enclosed as Annexure C.
- (c) The school had increased the fee in terms of order dated 11/02/2009 issued by the Director of Education w.e.f. 01/04/2009.
- (d) Arrear fee was charged @ Rs. 4,500 per student.

As per Annexure A,B & C, the total pre implementation monthly salary was Rs. 9,03,348 which rose to Rs. 14,30,009 after implementation of the recommendations of VI Pay Commission. The total arrears were **paid** Rs. 28,38,126. Significantly, there was no mention of recovery of any arrears for the period 01/09/2008 to



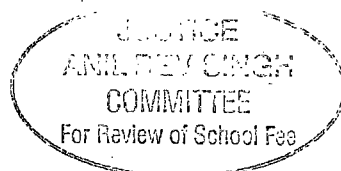
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31/03/2009 as the arrears charged @ Rs. 4,500 per student were only the lump sum arrears for the period 01/01/2006 to 31/08/2008.

In the first instance, the Chartered Accountants detailed with the Committee prepared the calculation sheet with reference to the balance sheet as on 31/03/2009, believing that the school had not recovered any arrears for the period 01/09/2008 to 31/03/2009. When the Committee reviewed these calculations, it felt a little odd that the school had not recovered any arrears for the period 01/09/2008 to 31/03/2009 and consequently sought confirmation from the school on this aspect. Surprisingly the school now stated, vide its letter dated 07/01/2014, that it had recovered arrears for this period also and a sum of Rs. 50,25,600 had been recovered on this account. This figure was revised to Rs. 51,56,600 in the written submissions dated 08/05/2014 filed with the Committee. It was further mentioned that the **payable** arrears to the staff for the period 01/01/2006 to 31/08/2008 was Rs. 86,75,000 and that for the period 01/09/2008 to 31/03/2009, it was Rs. 30,75,000. The school had earlier mentioned that it had paid arrears amounting to Rs. 28,38,126. The representatives of the school namely Sh. Bhagwant Singh, Office Supdt. and Sh. S.S. Katyal, Chartered Accountant, who appeared before the Committee on 30/01/2014, candidly admitted that the arrear salary was paid to the staff in cash.



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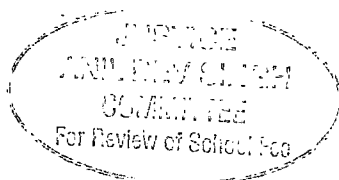
The Committee observed that the school had been using the fee revenues for acquisition of buses and repayment of loans and payment of interest thereon. Such diversion of funds for acquisition of fixed assets was quite blatant. In fact so blatant was the diversion that the school did not even hold in its bank a balance equivalent to the fee received in advance. As on 31/03/2008, the fee received in advance by the school amounted to Rs. 13,16,185. The salary payable ostensibly for the month of March 2008 was Rs. 4,24,855. There was a liability of 1,58,400 for deposit of TDS. Caution money liability was Rs. 3,83,200 and the provident fund payable which had been deducted from the salaries of the employees was Rs. 56,886. All these current liabilities aggregated Rs. 23,39,526. Besides, there were outstanding sundry creditors to the tune of Rs. 23,71,541, which were required to be paid off. Thus the school had immediate liabilities of **Rs. 47,11,067** against which the cash and bank balance held by it was just **Rs. 1,24,912.** In fact, the school was even holding on to the arrear fee collected for the purpose of implementation of VI Pay Commission. As per the written submissions filed by the school, the school was holding on to an amount of Rs. 25,79,500 as on 31/03/2009, 15,70,405 as on 31/03/2010, Rs. 17,15,405 as on 31/03/2011, Rs. 18,07,405 as on 31/03/2012 and Rs. 19,32,618 as on 31/03/2013. Even this amount collected for specific purpose of payment of arrear salary was obviously being diverted for other purposes like creation of fixed assets and repayment of loans. The



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school was also treating the Corpus contributed its parent society as a liability owed to it and as and when the funds position would permit, the school would not hesitate to pay back even this amount to its parent society. In fact, the school had actually paid certain sums in the years 2006-07 to 2010-11 for which the statement of the society in the books of school was called for and examined by the Committee.

Although a preliminary calculation sheet was drawn by the audit officer of the Committee, a copy of which was given to the school, the Committee feels that such an exercise will be in futility in view of the record which does not inspire confidence. In response to the preliminary calculation sheet, the school made its submissions and between 30/01/2014 and 28/03/2014, after which suddenly the school changed its authorized representatives. On 24/04/2014, the new authorized representatives of the school Sh. R.G. Luthra and Sh. Manu Luthra, Chartered Accountants appeared before the Committee along with Sh. A.S. Rana, Chairman of the parent society of the school. They sought time to file written submissions in supersession of all that had been submitted before the Committee by the earlier representatives. They filed fresh written submission dated 08/05/2014 in which they claimed that the fee hike allowed to the school was not sufficient to fully meet its liabilities arising on account of implementation of the recommendations of VI Pay Commission and therefore, the school ought to be allowed a further fee hike. However,



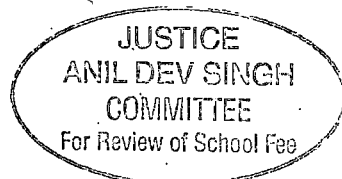
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during the course of hearing on 11/07/2014, they stated that they did not wish to press their claim for a further fee hike.

Discussion:

Tuition Fee & Arrears of Tuition Fee

The school has not come before the Committee with clean hands. The record produced by the school is nothing but is hogwash. The arrears claimed to have been paid by the school, were admittedly paid in cash as was admitted by the previous representatives of the school. Such a statement of fact cannot be retracted as was sought to be done by the new authorized representatives of the school. The school has heavily diverted funds for purchase of fixed assets, buses and for repayment of loans while keeping its current liabilities in abeyance. Even the collections for the specific purpose of paying arrear salary to the teachers was diverted by the school for other purposes. In the circumstances, the Committee would draw an adverse inference against the school. The arrear salary claimed to have been paid in subsequent years, is actually paid out of the current year's fee for those years. In view of the Committee, the ends of justice would be served if the school is directed to refund the entire amount of arrear fees charged for the periods 01/01/2006 to 31/08/2008 and 01/09/2008 to 31/03/2009; along with interest @ 9% per annum. Further, the hike in tuition fee w.e.f. 01/04/2009 is restricted to Rs. 400 per month instead of Rs. 500 per month, which



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the school could have raised in terms of order dated 11/02/2009, issued by the Director of Education. Needless to say that the amount would be refunded only to the extent of actual collection.

Development Fee:

In reply to the questionnaire, the school vide its written submissions dated 08/05/2014 admitted that the development fee had been treated as a revenue receipt in its financial statements. The total collection of development fee in the years 2009-10 and 2010-11 was Rs. 51,40,550 and Rs. 65,97,325 respectively. Further, the school admitted that it was not maintaining any earmarked accounts for development fund and depreciation reserve fund. The school further stated that *"the school is now maintaining separate bank accounts against the development fund and depreciation reserve fund"*. As for the utilisation of development fee, the school stated that in the year 2009-10, a sum of Rs. 13,99,511 was utilised as capital expenditure while the rest was spent on revenue expenses. Similarly for 2010-11, a sum of Rs. 28,60,545 was spent for capital expenditure and the rest for revenue expenses. However, the financials of the school even belie this assertion. After taking credit of development fee as a revenue receipt, the school in both the years showed a net deficit. Even otherwise, this has no significance as the law laid down by the Hon'ble Supreme Court in the case of Modern School vs Union of India



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(2004) 5 SCC 583 mandates that the following essential pre conditions ought to be fulfilled if the school is to charge a development fee:

- (i) The development fee is treated as a capital receipt.
- (ii) It is used for purchase or upgradation of furniture, fixtures & equipments.
- (iii) Earmarked depreciation reserve funds and development fund accounts have been maintained wherein the unutilised development fee and interest on the investments of development fund and depreciation reserve fund would be credited.

Non fulfillment of these essential pre conditions, disentitles the school from charging any development fee. The Committee is therefore of the view that the development fee charged by the school in the years 2009-10 and 2010-11, pursuant to order dated 11/02/2009, ought to be refunded along with interest @ 9% per annum.

Recommendations:

In view of the foregoing discussion and 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:

- (a) Rs. 4,500 per student collected as lump sum arrears for the period 01/01/2006 to 31/08/2008**



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(b) Rs. 3,500 per student collected as arrears for the period
01/09/2008 to 31/03/2009

(c) Rs. 100 per month out of Rs. 500 per month, which was
hiked as tuition fee w.e.f. 01/04/2009, till date.

(d) Rs. 51,40,550 charged as development fee for the year
2009-10 and Rs. and Rs. 65,97,325 for the year 2010-11.

Recommended accordingly.

Sd/-

CA J.S. Kochar
Member

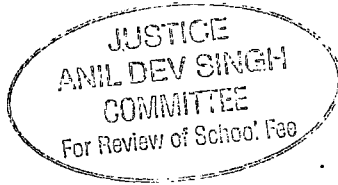
Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Dated: 30/12/2015



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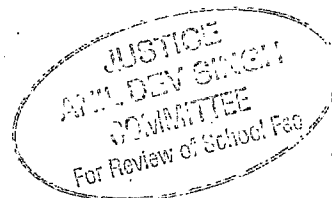
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The school, suo motu, addressed a letter dated 16/02/2012 to the Committee, in response to the Public Notice dated 18/01/2012 issued by the Committee, inviting all the stake holders to give their representations for consideration by the Committee for the purpose of examining the justifiability of the fee hike effected by the schools in terms of order dated 11/02/2009 issued by the Director of Education.

The school stated in its representation that it had been subjected to an audit by Comptroller & Auditor General of India (C &AG) for the same purpose for which this Committee had been constituted. The school submitted that it had given para wise explanation on the observations made by the C & AG in the Delhi High Court through 'National Progressive Schools', which was one of the respondents in writ petition No. 7777 of 2009. A copy of the explanation filed by the school rebutting the observations of the C & AG was also enclosed with the representation filed with the Committee. The main grievance made out by the school was with regard to the observation of the C & AG that it had free reserves amounting to Rs. 265.93 lacs as on 31/03/2008 and therefore, the school was not justified in hiking the fee as it presumably possessed sufficient funds of its own. The school made out a case that the C & AG did not consider that such free reserves were not available with the school for implementation of the recommendations of VI Pay Commission as such free reserves did not represent liquid funds

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available with the school. They had already been invested in the fixed assets.

The Committee examined the explanation furnished by the school in rebuttal to the observations of the C & AG and since the Committee has to independently arrive at the conclusion whether there was a need for the school to hike the fee for implementing the recommendations of VI Pay Commission, the Committee would make the relevant calculations of its own. Prima facie, the contention of the school that the figure of free reserves as worked out by the C & AG may not represent the funds available with the school for implementation of VI Pay Commission report, appears to be a plausible explanation.

In order to elicit the relevant information from the schools to arrive at proper conclusions with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school).

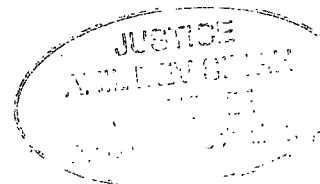
In response to the aforesaid questionnaire, the school, vide its letter dated 06/03/2012, stated as follows:

- (a) It had implemented the recommendations of VIth Pay Commission w.e.f. 01/01/2006.

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- (b) It had paid the arrears of salary for the period 01/01/2006 to 31/03/2009 and increased the salary w.e.f. 01/04/2009.
- (c) It had hiked the fee in pursuance of order dated 11/02/2009 issued by the Director of Education w.e.f. 01/09/2009 (sic).
- (d) It had recovered the arrears of fee for the period 01/01/2006 to 31/08/2008 and that for the period 01/09/2008 to 31/03/2009.

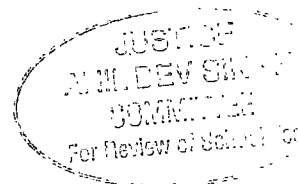
The relevant figures of arrears paid as well as the impact of hike in the monthly salary bill of the school consequent to implementation of the recommendations of VI Pay Commission as well as the amount and extent of fee hike effected by the school and the arrears of fee recovered by it pursuant to order dated 11/02/2009 of the Director of Education, were furnished by the school along with its reply. Based on the above reply, the school was placed in category 'B' for verification.

The school furnished details of its fee structure as was applicable for the period upto August 2008 before revision and that w.e.f. 01/09/2008, after revision as per order dated 11/02/2009 issued by the Director of Education. The highlights of the aforesaid fee structure are as follows:

- (a) The tuition fee for all the classes was hiked by Rs. 300 per month w.e.f. 01/09/2008.

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- (b) Development fee was originally charged @ 5% of tuition fee as per the fee schedules for the year 2008-09 filed by the school under section 17(3) of the Delhi School Education Act, 1973.
- (c) The hike in development fee w.e.f. 01/09/2008, was different for different classes and was much in excess of 5% of tuition fee, which the school was charging. In fact, for the period 01/09/2008 to 31/03/2009, the school hiked the development fee at rates varying from 51.90% to 60.14% for different classes, as detailed below:

Class	Monthly Development Fee from 01/04/2008 to 31/08/2008	Monthly Tuition Fee from 01/04/2008 to 31/08/2008	Percentage of Development fee to tuition fee from 01/04/2008 to 31/08/2008	Arrears of Development fee for the period 01/09/2008 to 31/03/2009	Arrears of Tuition fee for the period 01/09/2008 to 31/03/2009	Percentage of Development fee arrears to tuition fee arrears for the period 01/04/2008 to 31/08/2008
Spl. Education	67.50	1350	5%	1263	2100	60.14%
I & II	55.42	1108	5%	1090	2100	51.90%
III to V	57.16	1144	5%	1120	2100	53.33%
VI to VIII	60.50	1210	5%	1165	2100	55.47%
IX & X	64.08	1282	5%	1210	2100	57.62%
XI & XII	67.50	1350	5%	1263	2100	60.14%

Copies of the Annual returns filed by the school under rule 180 of Delhi School Education Rules 1973, were received from the office of the concerned Dy. Director of Education.

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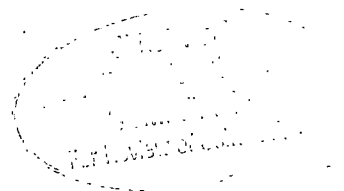
The relevant calculations to examine the justifiability of fee hike were, in the first instance, prepared by the Chartered Accountants detailed with the Committee (CAs). As per these calculations, the school was in deficit to the tune of Rs. 68,19,858, after taking into account the funds available with the school at the threshold, the additional revenue generated by the school by way of fee hike and recovery of arrears and the financial impact of the implementation of VI Pay Commission report.

On prima facie examination of the preliminary calculations prepared by the CAs, the Committee observed that the CAs had calculated the financial impact of implementation of VI Pay Commission report by extrapolating the difference in monthly salary that was paid immediately before implementation of VI Pay Commission report and the month salary that was paid immediately after such implementation. Likewise, the additional fee revenue on account of fee hike and recovery of arrear fee was calculated by factoring in the total number of students and the monthly fee hike. No attempt was made to reconcile the figures with the audited financials of the school. Moreover, it appeared that the school was running a pre primary school and it prima facie appeared that the financials of the pre primary school had not been taken into account while making the preliminary calculations.

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The Committee issued a notice dated 23/01/2015, requiring the school to furnish the aggregate figures of arrear fee for different periods, regular tuition fee for 2008-09, 2009-10 and 2010-11, arrear salary and regular salary for these years, duly reconciled with the audited Income & Expenditure Account. The school was also required to furnish bank statements highlighting payment of salaries, the statement of account of the trust/ society running the school as appearing in its books, details of accrued liabilities, gratuity and leave encashment. The school was also issued a questionnaire regarding development fee charged by it in order to elicit the relevant information as to whether the school was following the pre conditions laid down 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 hearing was fixed for 20/02/2015.

On this date, Sh. S.C. Goyal, Chartered Accountant and Sh. George Vergese, Accounts Officer of the school appeared along with Ms. Gita Kriplani, Financial Advisor. They furnished the information, as required by the Committee. They also filed a reply to the questionnaire of Development fee.

The information regarding fee and salary was furnished by the school in respect of the main school as well as for the pre primary wing separately as well as in a consolidated manner. During the

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course of hearing, the Committee verified the information furnished by the school with reference to its audited financials.

The Committee observed that the school had not furnished employee wise detail of its accrued liabilities of gratuity and leave encashment. The balance sheet of the pre primary school as on 31/03/2008 was also found not to be on record. The school had also not furnished statement of account of its parent society for the period 01/04/2006 to 31/03/2011. Moreover, the figures of salary and salary arrears as furnished by the school did not reconcile with the corresponding figures in the audited Income & Expenditure Account of the school. The school was advised to furnish the aforesaid documents as well as the statement of fee and salary duly reconciled with the Income & Expenditure Account within one week. The school furnished the required documents and the reconciliation with Income & Expenditure Account under cover of its letter 27/02/2015. These were examined by the Committee and found to be in order, except that in a few cases, the school had reflected the liability for gratuity as on 31/03/2010 to be in excess of Rs. 3.50 lacs, which was the maximum amount payable as gratuity under the law, at that point of time.

Based on the information furnished by the school which had been verified by the Committee, a preliminary calculation sheet was prepared, to reflect the funds available with the school before effecting the fee hike, the total financial impact of implementation of VI Pay Commission report and the additional resources generated by the

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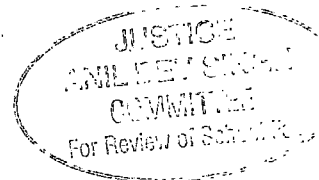
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school by way of fee hike and recovery of arrear fee as per order dated 11/02/2009 of the Director of Education. The figures of the main school as well as the pre primary school, which were furnished by the school separately were consolidated, so as to reflect the overall picture. The maximum amount of gratuity payable was taken at Rs. 3.50 lacs as on 31/03/2010 in respect of individual employees, which was the ceiling limit prevailing at that time.

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

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Calculation Sheet:

Statement showing Fund available as on 31-03-2008 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report				
	Particulars (PP School+ Main School)	Sr. School	PP School	Total
	<u>Current Assets</u>			
	Cash in hand	-	-	-
	Bank Balance	1,777,390	724,063	2,501,453
	FDRs with accrued interest	15,485,896	13,286,827	28,772,723
	Advance Receivable	690,767	-	690,767
	Sundry Debtors	37,080	400	37,480
	Prepaid Expenses	47,861	-	47,861
	Inter Unit accounts - SVM -Mission Unit		14,487,107	14,487,107
	Inter Unit accounts - SVM - SVISG		3,830,119	3,830,119
	Total Current assets (A)	18,038,994	32,328,516	50,367,510
Less	<u>Current Liabilities</u>			
	Fees received in advance	193,377	1,816,630	2,010,007
	TDS Payable	66,473	363	66,836
	Expenses Payable	163,962	13,950	177,912
	Sundry Creditors (other than liability for gratuity)	983,208	47,827	1,031,035
	Salary & Wages Payable	19,358	-	19,358
	Sundry Liability for stale cheques	353,070	-	353,070
	Employees Contribution to PF	70,262	-	70,262
	Amount payable to Allahabad Nank	16,853	-	16,853
	PTA	221,801	-	221,801
	Caution Money Deposit	2,839,720	125,540	2,965,260
	Inter Unit accounts (Main) - SVM- Mission Unit, SVIS-PP	10,197,723	-	10,197,723
	Old Students Association	58,176	-	58,176
	Total Current Liabilities (B)	15,183,983	2,004,310	17,188,293
	Net Current Assets + Investments (C=A-B)	2,855,011	30,324,206	33,179,217
Less	Arrear of Salary as per 6th CPC w.e.f. 01.01.06 to 31.08.2008	10,968,843	2,089,105	13,057,948
	Arrear of Salary as per 6th CPC w.e.f. 01.09.08 to 31.03.2009	4,975,167	226,205	5,201,372
	Increased Salary as per 6th CPC from 01.04.09 to 31.03.2010	11,280,431	1,632,821	12,913,252
	Total (D)	27,224,441	3,948,131	31,172,572
	Excess / (Short) Fund Before Fee Hike (E=C-D)	(24,369,430)	26,376,075	2,006,645
Add	Tuition Fee Arrear for the period from 01.01.06 to 31.08.08	4,156,500	218,000	4,374,500
	Tuition Fee Arrear for the period from 01.09.08 to 31.03.09	3,153,360	290,500	3,443,860
	Development Fee arrear for the period from 01.09.08 to 31.03.09	1,628,506	74,485	1,702,991
	Incremental Tuition fee in 2009-10	5,374,108	645,588	6,019,696
	Total (F)	14,312,474	1,228,573	15,541,047
	Excess / (Short) Funds After Fee Hike (G=E+F)	(10,056,956)	27,604,648	17,547,692

As is apparent from the above calculation sheet, the school had available with it, a sum of **Rs. 3,31,79,217**, before effecting the fee hike. The total financial impact of the implementation of

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Sadhu Vaswani International School For Girls, Shanti Niketan,
New Delhi-110021

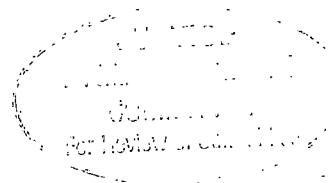
recommendations of VI Pay Commission was **Rs. 3,11,72,572**. Thus, at first blush, it appears that the school did not need to hike any fee. However, it is necessary at this stage to state that the Committee has taken a consistent view that the entire funds available with the schools ought not to be considered as available for implementing the recommendations of VI Pay Commission and the schools ought to keep sufficient funds in reserve for meeting its accrued liabilities of gratuity and leave encashment besides keeping in reserve funds equivalent to four months' salary for future contingencies. The requirement of funds to be kept in reserve, as worked out by the Committee is as follows:

<u>Funds to be kept in reserve</u>	<u>Main School</u>	<u>Pre Primary</u>	<u>Total</u>
a) For accrued liability of gratuity as on 31.03.2010 *	11,361,823	875,449	12,237,272
b) For accrued liability of leave encashment as on 31.03.2010**	5,092,648		5,092,648
c) Reserve for future contingencies equivalent to 4 months salary	10,212,860	1,263,155	11,476,014
Total Reserves	26,667,331	2,138,604	28,805,934

It is apparent from the above table that out of **Rs. 3,31,79,217** available with the school, a sum of **Rs. 2,88,05,934** was required to be kept in reserve, leaving a balance of **Rs. 43,73,283** which could have been utilised for implementing the recommendations of VI Pay Commission. As noticed above, the requirement of the school for implementing the recommendations of VI Pay Commission was to the tune of **Rs. 3,11,72,572**, leaving a deficit of **Rs. 2,67,99,289** which was to be recouped by way of fee hike and recovery of arrear fee. The

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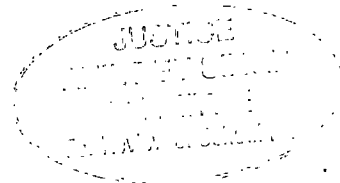


Sadhu Vaswani International School For Girls, Shanti Niketan,
New Delhi-110021

total funds generated by the school by way of fee hike were to the tune of **Rs. 1,55,41,047.**

In view of the aforesaid determinations, the Committee is of the view that the tuition fee hiked by the school was justified. However, the Committee must add a caveat here that the manner in which the school _hiked its fee by hiking the rate of development fee for the period 01/09/2008 to 31/03/2009, was patently illegal and in contravention of the provisions of section 17 (3) of the Delhi School Education Act, 1973. Effectively, the school hiked the development fee after the start of the academic session 2008-09 without prior approval of the Director of Education. The approval of Director of Education in terms of order dated 11/02/2009 was to the effect that the school could hike the development fee which was consequential to the hike in tuition fee, as development fee is charged as a percentage of tuition fee. The aforesaid order nowhere permits the schools to hike the development fee independently of the hike in tuition fee. It does not say that the schools could hike the development fee to 15% of tuition fee, even if the schools were charging development fee at a rate which was less than 15% as in the case of present school. Had the school been charging development fee at the rate of 15% as per the original fee statement filed by it under section 17 (3) of the Act, it could have justifiably recovered the arrears of development fee at the rate of 15% of the hiked tuition fee. However, as noticed supra, the school was

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Sadhu Vaswani International School For Girls, Shanti Niketan,
New Delhi-110021

charging development fee @ 5% of the tuition fee. It could have at best recovered arrears of development fee for the period 01/09/2008 to 31/03/2009 @ 5% of the hiked tuition fee of Rs. 2100 for seven months period.

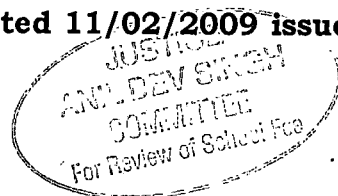
As reflected in the calculation sheet, the total arrears of tuition fee recovered for the period 01/09/2008 to 31/03/2009 were **Rs. 34,43,860**. The school could have recovered arrears of development fee at 5% of this sum which could have been **Rs. 1,72,193**. However, the school by misinterpreting the order dated 11/02/2009, wrongly recovered a sum of **Rs. 17,02,991**. The amount thus wrongly recovered amounting to **Rs. 15,30,798**, ought to be refunded by the school along with interest @ 9% per annum from the date of collection to the date of refund. While making this recommendation, the Committee is conscious of the fact that the school was in deficit after implementation of the recommendations of VI Pay Commission. However, this cannot be the justification for recovering an amount contrary to the provisions of law.

Recommendations:

In view of the foregoing discussion and determinations, the Committee is of the view that the school ought to refund a sum of Rs. 15,30,798 charged as excess development fee, contrary to the provisions of section 17(3) of the Delhi School Education Act, 1973 and also contrary to the order dated 11/02/2009 issued by

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Sadhu Vaswani International School For Girls, Shanti Niketan,
New Delhi-110021

the Director of Education. The refund ought to be made 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

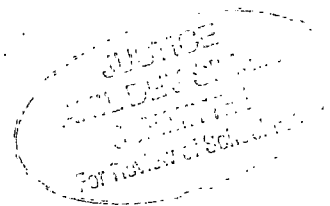
Sd/-

Dr. R.K. Sharma
Member

Dated: 10/08/2015

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Secretary



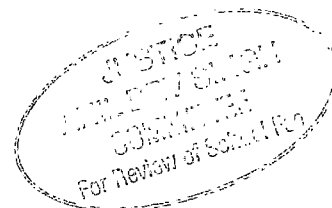
St. John's School, Mehrauli, New Delhi-110030

In response to the questionnaire dated 27/02/2012, issued by the Committee, the school, vide an undated letter, received in the office of the Committee on 07/03/2012, stated as follows:

- (a) It had implemented the recommendations of Vith Pay Commission w.e.f. 01/09/2008. The aggregate monthly salary for August 2008 was Rs. 4,61,992, which rose to Rs. 8,27,856 for September 2008.
- (b) It had paid the arrears of salary for the period 01/01/2006 to 31/08/2008, which amounted to Rs. 30,40,927.
- (c) It had hiked the fee in pursuance of order dated 11/02/2009 issued by the Director of Education w.e.f. 01/09/2008. The total monthly fee recovered for the month of August 2008 was Rs. 8,14,012 which rose to Rs. 9,95,828 after the fee hiked.
- (d) It had recovered the arrears of fee for the period 01/01/2006 to 31/08/2008 and that for the period 01/09/2008 to 31/03/2009. The aggregate arrear fee recovered was Rs. 18,53,935 spread over two years i.e. 2008-09 and 2009-10.

Along with the reply, the school enclosed an annexure showing the number of fee paying students as well as the monthly fee charged by the school for the month of August 2008 and September 2008. Based on the above reply, the school was placed in category 'B' for verification.

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St. John's School, Mehrauli, New Delhi-110030

As per the annexure to the reply to the questionnaire, the fee charged by the school prior to the hike effected by it and post the hike effected by it, for different classes was as follows:

Class	Monthly fee for August 2008 (Rs.)	Monthly fee for September 2008 (Rs.)	Amount of monthly fee hike (Rs.)
I	790	990	200
II	835	1035	200
III to V	863	1063	200
VI to VIII	879	1079	200
IX	957	1157	200
X	1023	1223	200

Preliminary calculations were made by the Chartered Accountants attached with the Committee (CAs). However, while reviewing the calculations, the Committee observed that the CAs mixed up the figures from the balance sheets of two different schools. In view of this, the Committee rejected the calculation sheet prepared by the CAs. Moreover, on prima facie examination of the balance sheets of the school along with the accompanying documents, it appeared that the school might not have actually implemented the recommendations of the VI Pay Commission. Hence, the Committee decided that before undertaking the exercise of examining the justifiability of fee hike, the actual implementation of the recommendations of the VI Pay Commission needed to be verified. A letter dated 10/01/2014 was issued to the school to produce on 27/01/2014, the copies of annual returns filed under Rule 180 of

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St. John's School, Mehrauli, New Delhi-110030

Delhi School Education Rules, 1973, the fee records and salary records of the school for the years 2008-09 to 2010-11, books of accounts of the school, its bank statements and copies of the Provident Fund and TDS returns filed by the school. A supplementary questionnaire seeking information with regard to collection and utilisation of development fee, maintenance of development and depreciation reserve funds was also issued to the school.

On 27/01/2014, Sh. Umesh Chander, Manager and Ms. Sujatha, Accountant of the school appeared in the office of the Committee and produced the required records, which were examined by Sh. A.D. Bhateja, audit officer of the Committee. They also filed reply to the supplementary questionnaire issued by the Committee with regard to development fee. We will advert to the reply given by the school when we discuss the issue of development fee.

After examining the records produced by the school, the audit officer of the Committee observed as follows:

- (i) The school appeared to have implemented the recommendations of VI Pay Commission, although not fully. However, salary to only five members of staff is paid cheques. The remaining staff members are paid in cash.
- (ii) The school paid arrears of salary for the period 01/01/2006 to 31/03/2009, which aggregated Rs.

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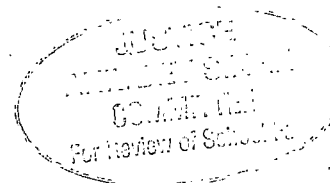
St. John's School, Mehrauli, New Delhi-110030

42,93,009. Such payment was made entirely in cash in nine installments between 2009 and 2011.

- (iii) The school had hiked the tuition fee by Rs. 200 per month for classes I to VIII and by Rs. 300 per month for classes IX & X.
- (iv) The school recovered a total sum of Rs. 18,53,935 as arrears of tuition fee from the students.
- (v) The school does not prepare Receipt and Payment Accounts. However, the books of accounts appeared to have been maintained in normal course.

The Committee issued a notice dated 01/04/2015, requiring the school to furnish the aggregate figures of arrear fee for different periods, regular tuition fee for 2008-09, 2009-10 and 2010-11, arrear salary and regular salary for these years, duly reconciled with the audited Income & Expenditure Account. The school was also required to furnish bank statements highlighting payment of salaries, the statement of account of the trust/ society running the school as appearing in its books, details of accrued liabilities, gratuity and leave encashment. The hearing was fixed for 10/04/2015. A request letter dated 04/04/2015 was received from the school requesting for postponement of hearing after 16/05/2015, on account of non availability of the accounts personnel of the school. The request was acceded to by the Committee. A fresh notice for hearing on 25/05/2015 was issued to the school. On this date, Sh. Umesh

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St. John's School, Mehrauli, New Delhi-110030

Chander, Manager of the School appeared along with Ms. Sujatha, Accountant. They filed written submissions dated 25/05/2015. Besides reiterating its reply to the questionnaire issued by the Committee, the school contended as follows:

- (i) The additional fee revenue after the fee hike amounting to Rs. 1,81,516 was just 49.6% of the additional expenditure on account of salary, after implementation of the recommendations of VI Pay Commission. Therefore, the fee hike permitted by the Director of Education was inadequate to meet the requirement of the school for implementation of recommendations of the VI Pay Commission.
- (ii) The arrear fee collected amounting to Rs. 18,53,935 was just 60.96% of the total arrear paid amounting to Rs. 30,40,927. The school had to arrange the balance from its other resources, including a transfer of Rs. 1,50,000 from the school development fund during 2008-09.
- (iii) The school deducted Provident Fund and TDS from the salaries of staff, wherever they were applicable.

The school also furnished the information as per the format sent in the notice. During the course of hearing, the representatives of the school reiterated their earlier contentions with regard to implementation of VI Pay Commission and the justifiability of the fee

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St. John's School, Mehrauli, New Delhi-110030

hiked by the school. The Committee, in order to be doubly assured, examined the books of accounts of the school. It observed that the entire amount of arrears of salary amounting to Rs. 42,93,009 i.e. Rs. 30,40,927 for the period 01/01/2006 to 31/08/2008 and Rs. 12,52,082 for the period 01/09/2008 to 31/03/2009 purported to have been paid, was disbursed in cash. The Committee also observed that even the regular monthly salary of the staff was paid in cash in most of the cases. It also observed that bulk of the fee was received by cheques and the school always maintained a healthy bank balance of Rs. 40 lacs to Rs. 50 lacs.

In view of the foregoing facts, there was absolutely no justification for paying the arrears of salary and also the regular monthly salary in cash. Payment in cash does not inspire confidence and is not amenable to verification. Cases abound where the salaries paid in cash shown at a higher amount than the actual amounts paid. Schools justify such practice of payment in cash where the fee from the students is also received in cash and the schools do not have a healthy balance in the bank accounts. However, in this particular case, where the school maintained a very healthy balance in the bank, there was absolutely no justification to make payment of salary or arrears in cash. In view of these facts, the Committee is of the view that the school did not in fact implement the recommendations of VI Pay Commission and showed such implementation only in its books of accounts by showing cash payments. The necessary corollary of this

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finding is that the fee hiked by the school as well as the arrears recovered by it were not justified. The school ought to refund the entire arrear fee collected by it, amounting to **Rs. 18,53,935**. The school also ought to refund the tuition fee hiked by it w.e.f. 01/09/2008 to the extent such hike is in excess of 10% over the tuition fee charged by the school for the year 2008-09. The refunds on both the accounts ought to be made along with interest @ 9% per annum from the date of collection to the date of refund.

Development Fee:

In reply to the supplementary questionnaire issued by the Committee, the school stated as follows:

- (i) It was charging development fee in all the five years i.e. 2006-07 to 2010-11 for which the information was sought by the Committee. The development fee was utilised for both capital as well revenue expenses. The details of year wise collection and utilisation of development fee was as follows:

Particulars	F.Y.2006-07 (Rs.)	F.Y. 2007-08 (Rs.)	F.Y. 2008-09 (Rs.)	F.Y. 2009-10 (Rs.)	F.Y. 2010-11 (Rs.)
Development fee collected					
	6,39,950	7,26,850	8,14,720	10,59,255	11,86,190
Development fee utilised					
For furniture, fixture & equipments	3,72,331	2,06,877	3,11,643	2,31,173	1,81,312
For revenue expenses	24,982	18,792	1,26,425	8,28,082	5,56,779
For VI Pay Commission			1,50,000		
Total utilisation	3,97,313	2,25,669	5,88,068	10,59,255	7,38,091

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St. John's School, Mehrauli, New Delhi-110030

- (ii) The development fee is treated as a capital receipt in the books.
- (iii) Separate depreciation reserve fund and the unutilised development fund account are maintained in the books which are invested in earmarked FDRs.

The Committee has examined the audited financials of the school and observes that the reply given by the school to supplementary questionnaire regarding development fee is in accord with its financials. Although, the school utilised part of the development fee for meeting its revenue expenses, the Committee is of the view that no adverse inference can be drawn on that account as even if such amounts are excluded, the investment in FDRs would be more than the balance in development fund and depreciation reserve fund.

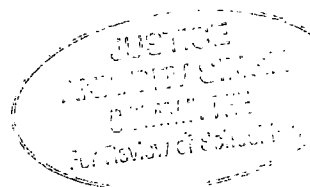
Recommendations:

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

- (i) The school ought to refund the entire arrear fee collected by it, amounting to **Rs. 18,53,935** along with interest @ 9% per annum from the date of collection to the date of refund.
- (ii) The school also ought to refund the tuition fee hiked by it w.e.f. 01/09/2008 to the extent such hike is in excess of

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St. John's School, Mehrauli, New Delhi-110030

10% over the tuition fee charged by the school for the year 2008-09. This refund ought to be made 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

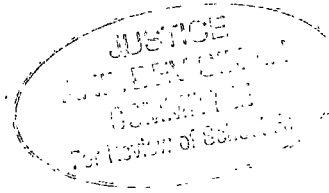
Sd/-

Dr. R.K. Sharma
Member

Dated: 08/08/2015

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1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the schools 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.
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.
3. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.
4. By notice dated 06.04.2015, the school was asked to appear on 15.04.2015 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.

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5. On 15.04.2015 Sh. Varinder Kumar Bhatia, Manager, Sh. Rakesh Chadda, CA, Ms. Priyanka Rangeela, CA and Sh. Shreekant Tiwari, Accountant of the school appeared before the Committee. They filed information as sought by the Committee vide its notice dated 06-04-2015. The school did not produce its fee and salary records as also its books of accounts. The fee schedule for 2008-09 and 2009-10 as produced before the Committee and those furnished in reply to the questionnaire were at variance with each other.

The school was directed to produce fee receipts, fee registers, salary register, bank statement, books of accounts, TDS returns (Form 24Q) and PF returns for the years 2008-09 and 2009-10, before the Audit Officer of the Committee on 27-04-2015 for verification.

6. On 27.04.2015, the school produced the desired record. The record, in the first instance, was examined by Mrs. Sunita Nautiyal, Audit Officer of the Committee. She observed to the effect that: -

- (i) The school has claimed to have implemented the recommendations of the 6th Pay Commission w.e.f. 01.04.2009.
- (ii) The school hiked 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 by more than 10% for most of the classes.
- (iii) The salary to the staff was paid in cash and through bearer cheques.
- (iv) The school did not charge development fee from the students.

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The Audit Officer after examination of the record produced by the school returned the same to the representatives of the school.

7. By notice dated 22.06.2015, the school was asked to appear before the Committee on 08.07.2015 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.

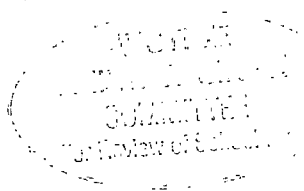
8. On 08.07.2015, Sh. Rakesh Chadha, C.A. and Ms. Priyanka Rangeela, C.A. of the school appeared before the Committee and produced the record. Their attention was drawn to the fact that salary was being paid in cash and through bearer cheques to the extent of nearly 64.38% in 2008-09 and 41.92% in 2009-10. The aforesaid representatives of the school conceded the fact.

9. We have gone through the record, observations of the Audit Officer of the Committee and the submissions made by the representatives on behalf 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	1025	1250	225	1370	120
VI to VIII	1145	1400	255	1530	130
IX	1305	1560	255	1960	400
X	1495	1790	295	1960	170
XI (Comm./Arts)	1890	2250	360	2600	350
XI (Science)	2030	2400	370	2600	200
XII(Comm./Arts)	1965	2350	385	2950	600
XII(Science)	2250	2700	450	2950	250

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Secretary



Flora Dale Sr. Sec. School, Dilshad Garden, Delhi-95.

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10. From the above, it is manifest that the school has increased the fee during the year 2009-10, in terms of the order of the Director of Education dated 11.2.2009. During 2010-11, there was hike in fee by more than 10% for classes IX, XI (Arts/Comm) and XII (Arts/Comm) and for remaining classes it was by 10%.

11. According to school it has implemented the recommendations of the 6th Pay Commission. It is not disputed that the salary has been paid in cash or by bearer cheques. We find the many schools have taken this plea that they had implemented the recommendations of the 6th Pay Commission by paying the salary/arrears of salary to the teachers in cash/bearer cheques. Such a plea gives a lie to the stand of the school that it had implemented the recommendations of the 6th Pay Commission as there is no plausible and convincing reason, why the payment was not made by bank transfer or by account payee cheques. Therefore, in our view the school has not implemented the recommendations of the Sixth Pay Commission.

12. As per record the school has not charged development fee from the students.

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Flora Dale Sr. Sec. School, Dilshad Garden, Delhi-95. 000111

RECOMMENDATION

Re. Fee Hike

Since the school has hiked the tuition fee in 2009-10, in terms of the order of the Director of Education, 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.

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, for above mentioned classes, ought also to be refunded along with interest @9% per annum from the date of its collection to the date of its refund.

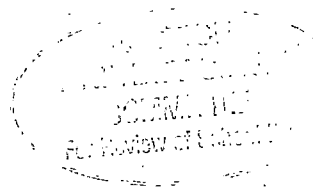
Recommended accordingly.

Sd/-
J.S. Kochar
Member

Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated: 01.08.2015.



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1. **B-163 G.L.T. Saraswati Bal Mandir, Nehru Nagar, New Delhi-110065**
2. **B-370 Krishan Lal Kohli Saraswati Bal Mandir Sr. Sec. School, Mehrauli, New Delhi-110030**
3. **B-555 Shri Sanatan Dharam Saraswati Bal Mandir Sr. Sec. School, Punjabi Bagh, New Delhi-110026**

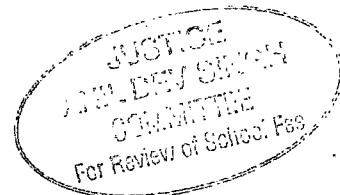
The schools, amongst others, are run by Sammarth Shiksha Samiti (Regd.) Delhi. As per an affidavit filed by Sh. Rakesh Gupta, General Secretary of this Society:

1. The Society runs a total of 27 schools in Delhi, which are as follows:

S.No.	Name of the School
1.	Goverdhan Lal Trehan Saraswati Bal Mandir, Nehru Nagar, New Delhi-110065
2.	Saraswati Bal Mandir, Mehrauli, New Delhi-110030
3.	Saraswati Bal Mandir, Lajpat Nagar, New Delhi-110024
4.	Lalit Mahajan Saraswati Vidhya Mandir, Vasant Vihar near CPWD Type 3 Colony, New Delhi-110057
5.	Saraswati Bal Mandir, Nariana Vihar, Delhi-110028
6.	Saraswati Shishu Mandir, Green Park Extn., New Delhi-110016
7.	Shaihaid Hans Raj Sethi Saraswati Shishu Mandir, Kalkaji Extn. New Delhi-110019
8.	Radha Krishan Vidya Niketan, Pushp Vihar, New Delhi-110017
9.	Mahashaya Chunilal Saraswati Bal Mandir, Hari Nagar, New Delhi-110064
10.	Saraswati Bal Mandir, Rajouri Garden, New Delhi-110027
11.	Maha Hira Devi Chaudhary Saraswati Bal Mandir, Janak Puri, New Delhi-110058
12.	Shri Sanatan Dharam Mata Channan Devi Saraswati Shishu Mandir, Subhash Nagar, New Delhi-110027
13.	Smt. Leelawanti Saraswati Shishu Mandir, Tagore Garden, New Delhi-110027
14.	Mata Leelawanti Saraswati Vidya Mandir, Hari Nagar, New Delhi-110064
15.	Mahashaya Dharampal Saraswati Shishu Mandir, Dhansa Village, New Delhi-110073

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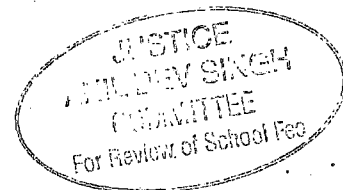
Secretary



16.	Saraswati Shishu Mandir, Najafgarh, New Delhi-110043
17.	Panchaiti Ram Shishu Mandir, Najafgarh, New Delhi-110043
18.	Shri Sanatan Dharam Saraswati Bal Mandir, West Punjabi Bagh, New Delhi-110026
19.	Saraswati Bal Mandir, Jhandewalan, New Delhi-110055
20.	Champa Devi Aggarwal Saraswati Bal Mandir, Paschim Vihar, New Delhi-110063
21.	Mata Ramrakhi Sanatan Dharam Saraswati Bal Mandir, Mahendru Enclave, Delhi-110033
22.	Shri Sanatan Dharam Saraswati Shishu Mandir, Ram Dwara, Sabzi Mandi, Delhi-110007
23.	Vishve Manav Hanuman Saraswati Bal Mandir, Narela, New Delhi-110040
24.	Ram Swaroop Sethi Saraswati Shishu Mandir, West Patel Nagar, New Delhi-110008
25.	Saraswati Shishu Mandir, Paharganj, New Delhi-110055
26.	Rao Meharchand Saraswati Vidya Mandir, Burari Road, Delhi-110042
27.	Gyan Prakash Saraswati Shishu Mandir, Meera Bagh, New Delhi-110042

2. The appointment of teachers/staff in the schools run by the Society is made by Sammarth Shiksha Samiti. The promotions/transfers of the teachers/staff amongst the schools run by the Society are also made by the aforesaid Samiti.
3. Sammarth Shiksha Samiti has distributed the arrears of fee collected from students of its school amongst its teachers/staff as per common seniority list, in two installments as per the instructions issued by the Samiti to the school on 18/01/2010 and 19/08/2010.

Out of the aforesaid 27 schools, the names of only 9 schools appear in the list of unaided private schools in Delhi which are



recognised by the Directorate of Education, Govt. of NCT of Delhi (DoE), which had been furnished to this Committee. It appears that the remaining schools are either recognised by some other authority like Municipal Corporation of Delhi or are unrecognized. Hence, so far as this Committee is concerned, only the fee hike effected by the 9 schools recognised by DoE requires to be examined as the order dated 11/02/2009 issued by DoE is applicable to these schools only.

Out of the aforesaid 9 schools, the Committee has already finalized its recommendations in respect of 6 schools, which have either been submitted to the Hon'ble High Court in its eight interim reports or are being separately submitted as part of this report. The remaining three schools, to which the present recommendations pertain, are being dealt with here.

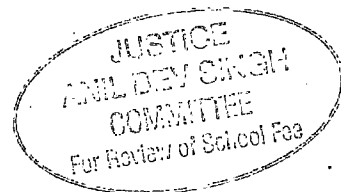
Since all these schools functioned under the supervision and control of Sammarth Shiksha Samiti, there are certain common threads running through these schools as all these schools follow the directions issued by the Samiti. Some such common features are as follows:

- (a) All the schools were advised to recover the arrear fee and hike the tuition fee at the maximum rates which were permitted to the schools in terms of order dated 11/02/2009, depending upon their existing fee structures.

The schools acted accordingly.

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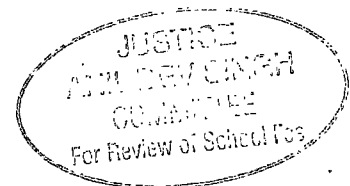

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- (b) The schools were not permitted to pay the arrears of salary arising on account of retrospective application of VI Pay Commission w.e.f. 01/01/2006. But they were advised to intimate the amount of arrear fee collected by them to the Samiti.
- (c) The Samiti, after taking into consideration, the aggregate amount of arrear fee collected by all the schools and the liability for arrear salary payable to the staff of all the schools, gave instructions to the respective schools to pay proportionate amount of arrear salaries to the staff. As per the details submitted by the Samiti, the schools collected a total sum of **Rs. 1,02,64,476** as arrear fee for the period 01/09/2008 to 31/03/2009. The liability of arrear salary payable for this period was **Rs. 1,96,77,892** out of which an amount of **Rs. 98,38,046** (being 50% of the amount due), was paid to the staff. Similarly, the schools collected a total of **Rs. 1,05,09,916** as arrear fee for the period 01/01/2006 to 31/08/2008. The liability for payment of arrears of salary for the corresponding period was **Rs. 6,28,65,903**, out of which the schools paid a sum of **Rs. 1,13,15,862** (being 18.5% of the amount due) to the staff.

During the course of hearing of various schools run by the Samiti, the Vice President/Treasurer of the Samiti had been appearing before this Committee. They submitted that since all the staff

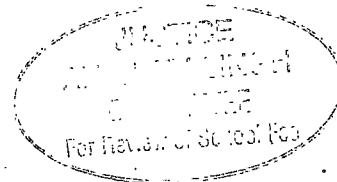
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members deployed in the schools are employees of the Samiti, the Samiti does not allow any discrimination amongst the employees in the matter of payment of arrears of salary. This could be achieved only by paying them at uniform rates, irrespective of the amount of arrear fee collected by the schools which would vary depending upon the student strength of the school and the paying capacity of the parents of the students as the schools are located in various localities of Delhi having different economic profiles of the parents. They submitted that there were some schools where the arrear fee collection was small but the liability for payment of arrear salary was large. The teachers deployed in such schools could not be paid arrear salaries at rates which were lower than the rates in respect of teachers deployed in schools where the arrear fee collection was high.

The Committee has given consideration to the submissions made by the office bearers of the Samiti and is of the view that since it is the schools which are given recognition under the provisions of The Delhi School Education Act, 1973 and not the Society running the schools, each individual school has to be examined on stand alone basis. The predicament which the Samiti finds itself in is on account of the fact that it employs a common pool of staff which are deployed in various schools run by it. Such a practice is not permissible as each school is required to appoint its own staff in the manner prescribed by Rules 96 to 105 of The Delhi School Education Rules, 1973.

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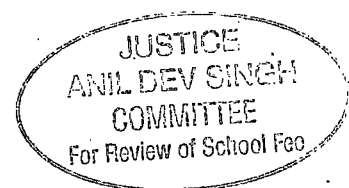
The mandate of this Committee is to examine the justifiability of fee hike effected by the schools in pursuance of order dated 11/02/2009 issued by the Director of Education for the purpose of implementation of recommendations of VI Pay Commission. Further, as per the decision of the Hon'ble Delhi High Court in WP(C) 7777 of 2009, this Committee is required to keep in view the principles enunciated by the Hon'ble Supreme Court in the cases of Modern School vs. Union of India (2004) 5 SCC 583 and Action Committee Unaided Pvt. Schools and Ors. v. Director of Education and Ors. 2009 (11) SCALE 77. As per the ratio of both these decisions, the schools are forbidden from transferring any funds to their parent societies. The practice adopted by the schools run by Sammarth Shiksha Samiti, results in transfer of funds from the schools which have collected excessive arrear fees to the Samiti and this is not permissible.

Hence the Committee has examined the cases of the schools run by the Samiti on standalone basis and made appropriate recommendations depending upon the financial position of each school. In respect of the schools where the Committee found that the fee hike was justified considering the funds available with those schools as well as the funds generated by way of recovery of arrear fee and incremental fee in terms of order dated 11/02/2009, the Committee has recommended no intervention. However, in the cases subject to being dealt with by these recommendations, it prima facie

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appeared to the Committee that the fee hike and recovery of arrear fee resulted in generation of excess funds. These three cases are discussed here below:

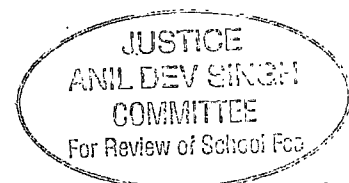
1. B-163 G.L.T. Saraswati Bal Mandir, Nehru Nagar, New Delhi-110065

The annual returns filed by the school under Rule 180 of The Delhi School Education Rules, 1973 for the years 2006-07 to 2010-11 along with the statement of fees and detail of salary paid to the staff before and after implementation of VI Pay Commission report were received from the Dy. Director of Education (South) under cover of its letter dated 10/02/2012. A copy of the circular issued to the parents of the students was also filed by the school, which showed the extent of fee hike effected by the school. As per the circular, the fee of students from pre school to class V was raised by Rs. 200 per month w.e.f. 01/09/2008. The hike was Rs. 300 per month for classes VI to XII. Besides, a sum of Rs. 2,500 was demanded as lump sum arrear for the period 01/01/2006 to 31/08/2008 from the students of pre school to class V and a sum of Rs. 3,000 from students of classes VI to XII. No arrear of incremental development fee on account of increase in tuition fee was demanded. The school also filed details of arrear salary paid for the period 01/01/2006 to 31/08/2008 which amounted to **Rs. 23,98,642** which was 18% of the total amount due. Similarly the school filed details of arrears paid for the period September 2008 to February 2009, which amounted to **Rs. 21,85,711**

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which was 50% of the total amount due. Accordingly the school was placed in category 'B' for the purpose of verification.

The Committee, vide letter dated 10/07/2013, required the school to furnish reply to a questionnaire which was devised by the Committee. The school submitted its reply vide letter dated 25/07/2014.

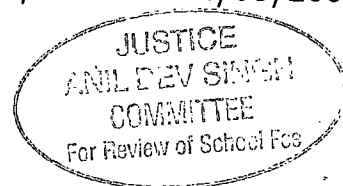
With regard to the information regarding hike in fee and salary on account of implementation of VI Pay Commission report, the school reiterated the information which was provided through the Dy. Director of Education. With regard to development fee, the school stated that it started charging development fee only in the year 2010-11. The school had not yet spent anything out of the development fee charged in 2010-11. The development fee was treated as a capital receipt and the school would be shortly opening an earmarked bank account for this purpose.

Preliminary calculations were made in the first instance by the Chartered Accountants (CAs) detailed with the Committee and as per their working, the school had a deficit of Rs. 42,21,545 after taking into consideration the additional expenditure on account of implementation of VI Pay Commission report and the total liability of arrear salary. However, the Committee was of the view that the calculations were not appropriate as the school, of its own accord, paid arrears to the extent of 18% for the period 01/01/2006 to 31/08/2008 and 50% for the period 01/09/2008 to 31/03/2009.

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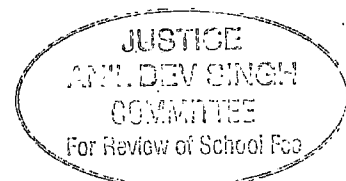


Liability for full arrears could be taken into account if the school had subsequently paid the balance arrears and for this purpose clarification was needed from the school.

In order to facilitate the calculations of the justifiable amount of fee hike, the Committee issued a notice dated 06/04/2015 to the school requiring it to furnish the relevant information regarding fee and salary (including arrear fee and salary) for the years 2008-09 to 2010-11, duly reconciled with the audited Income & Expenditure Accounts of the school, in a structured format. The school was also afforded an opportunity of being heard by the Committee on 15/04/2015. On this date, Ms. Renu Sharma and Sh. Rakesh Kumar, UDCs of the school appeared and filed reply to the Committee's notice dated 06/04/2015 which was duly signed by the Principal of the School. On perusal of the reply filed by the school, the Committee noticed that the school had not furnished the statement of account of the Society running the school nor mentioned anything about the accrued liability of gratuity/leave encashment. These details were specifically required by the Committee vide the aforesaid notice. The Committee also noticed that the school had transferred huge funds to Sammarth Shiksha Samiti. The representatives of the school explained that the Samiti collects the excess funds which are available with the school and out of such collection, funds are transferred to those schools which are facing deficits. The representatives of the school had also not produced the books of accounts. The matter was adjourned to

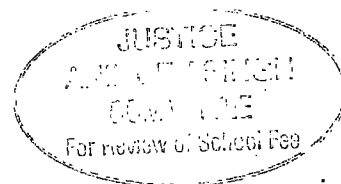
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01/05/2015 at the request of the representatives. On this date also, the relevant records were not produced and the representatives requested for further time to be given. The matter was directed to be relisted on 26/05/2015. On this date, the school filed copy of the ledger account of Samarth Shiksha Samiti in its books. They also produced soft copies of their books of accounts which were examined by the Committee. However, the figures of salary and salary arrears as given by the school did not match with the accounts produced by the representatives. The representatives of the school contended that the statement furnished earlier to the Committee was incorrect and undertook to file a revised statement within one week. The revised statement was filed on 29/05/2015 in the office of the Committee. A fresh notice of hearing dated 23/06/2015 was issued to be school to appear on 16/07/2015. On this date, Ms. Renu Sharma and Sh. Rakesh Kumar, appeared with authority letter from the Principal. They were heard by the Committee and with their assistance, the Committee prepared the statement of funds available with the school as on 31/03/2008. The statement of funds available, as prepared and agreed to by the representatives of the school, was as follows:

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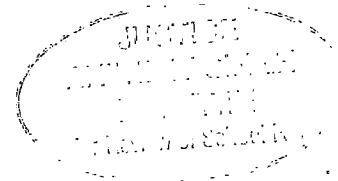
Particulars	Amount (Rs.)	Amount (Rs.)
Current Assets and investments:		
(a) Investment in FDRs in banks		27,53,247
(b) Loans and advances		1,75,12,668
(c) Balances with banks		12,93,081
Total		2,15,58,996
Less Current Liabilities:		
Scholarship fund	27,250	
Advance Fee received	1,80,480	
Suniti Trading Co.	13,374	
Audit Fee payable	<u>12,360</u>	<u>2,33,464</u>
Net Current Assets (Funds available)		2,13,25,532

The Committee also noticed that as against the total receipt of arrear fee amounting to Rs. 73,57,465, the school made payment of only Rs. 43,72,995 as arrear salary. The representatives contended that the balance arrears were not paid, as the school had not received instructions from Samiti. The Committee also noticed that the amount due from Samarth Shiksha Samiti which was Rs. 1,71,09,885 as on 31/03/2008 rose to Rs. 2,17,27,192 as on 31/03/2010. Thus during the years 2008-09 and 2009-10, the school transferred a further amount of **Rs. 46,17,307** during these two years.

With regard to accrued liability of gratuity, the school stated that it had no such liability as it pays annual premium on a group gratuity policy taken by Samarth Shiksha Samiti in respect of its employees. However, the representative stated that it had accrued liability for leave encashment which amounted to **Rs. 52,04,119** as on 31/03/2010, the details whereof were provided.

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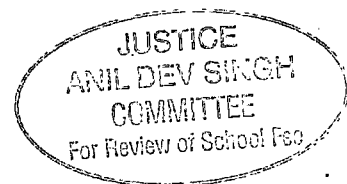
The representatives of the school were questioned about the claim of the school that the development fee was treated as a capital receipt and asked to pin point the development fund in the balance sheet. However, they conceded that it was included in the total fee credited to the Income & Expenditure Account, meaning thereby that the development fee was treated as a revenue receipt.

The representatives of the school contended that the school ought not be asked to refund the fee as the balance arrears shall be paid by the school on receipt of instruction from the parent body. On this plea of the school, the representatives were asked to file within 10 days, an undertaking of the parent body that the arrears will be paid within one month and the proof of such payment may be filed by 17/08/2015. Vide letter dated 24/07/2015, the Samarth Shiksha Samiti sought a further time of 15 days for compliance of the directions of the Committee. However, no such compliance was made.

Based on the information furnished by the school, a preliminary calculation sheet was drawn up by the Committee which is as follows:

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Calculation Sheet:

Statement showing Fund available as on 31-03-2008 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report			
	Particulars	Amount (Rs.)	Amount (Rs.)
	<u>Current Assets</u>		
	Cash in hand	-	
	Bank Balance	1,293,081	
	Fixed Deposits with accrued interest	2,753,247	
	TDS on FDRs	9,727	
	Loan to South Zone Samiti	17,109,885	
	Advance	363,496	
	Fees Receivable	29,560	21,558,996
Less	<u>Current Liabilities</u>		
	Scholarship Fund	27,250	
	Advance fee received	180,480	
	Suniti Trading Co.	13,374	
	Audit Fee Payable	12,360	233,464
	Net Current Assets (Funds available) as on 31.3.2008		21,325,532
Add	Funds transferred to Society in 2009-10		4,617,307
	Funds deemed to be available for implementation of 6th CPC		25,942,839
Less	Arrear of Salary as per 6th CPC w.e.f. 01.01.06 to 31.08.08	2,331,596	
	Incerased Salary paid as per 6th CPC from 01.09.08 to 31.03.09	2,041,399	
	Incerased Salary in 2009-10 (as per calculation given below)	10,902,170	15,275,165
	Excess / (Short) Fund Before Fee Hike		10,667,674
Add	Arrear of fee for the period from 01.01.06 to 31.08.08	3,124,135	
	Arrear of fee for the period from 01.09.08 to 31.03.09	4,233,330	
	Increased fee in 2009-10 (as per calculation given below)	5,968,180	13,325,645
	Excess / (Short) Fund After Fee Hike		23,993,319
Less	Reserves required to be maintained:		
	for future contingencies (equivalent to 4 months salary)	9,082,052	
	for Leave Encashment as on 31.03.2010	5,204,119	14,286,171
	Excess / (Short) Fund		9,707,148

Development fee refundable having been treated as revenue receipt

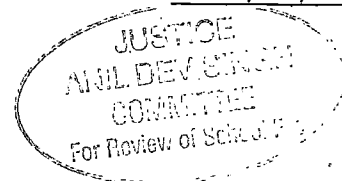
2009-10	-
2010-11	5,033,500
Total	5,033,500

Working Notes:

Salary as per Income & Expenditure Account	2008-09 16,343,985	2009-10 27,246,155
Incremental Salary in 2009-10 as per I & E A/c	10,902,170	

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	2008-09	2009-10
Tuition Fee as per Income & Expenditure Account	<u>24,122,440</u>	30,090,620
Incremental Tuition Fee in 2009-10 as per I & E A/c	<u>5,968,180</u>	
<u>Loan to Samarth Shiksha Samiti :</u>		
Balance as on 31.03.08	17,109,885	
Balance as on 31.03.10	<u>21,727,192</u>	
Increase in loan in 2009-10	<u>4,617,307</u>	

Vide notice dated 16/10/2015, a copy of the calculation sheet was furnished to the school for its comments. The hearing was fixed for 29/10/2015.

On this date, Sh. Santosh Pathak, Treasurer and Sh. Dinesh Khandelwal, Vice President of Samarth Shiksha Samiti appeared and for the first time submitted that the Samiti had a liability in respect of the premium payable on group gratuity policy of LIC for the past service of the employees and such liability was in excess of the surplus worked out in the preliminary calculations. They were afforded an opportunity to file details of such liability alongwith supporting evidence within 10 days.

In response, the school filed a letter dated 16/11/2015, stating inter alia, that the group gratuity policy was taken by the Samiti in the year 2000. However, the full amount of premium could not be paid. A sum of Rs. 5,73,62,443 was short paid as on 31/03/2010. This shortfall was on account of liability of 523 employees of all the schools run by the Samiti. The school calculated its liability in the proportion of the number of employees deployed in the school i.e. 81

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to the total number of employees of all the schools run by the Samiti.

The calculation submitted by the school is as follows:

$$\frac{81 \times 5,73,62,443}{523} = 88,84,049$$

The school also submitted that the sum of Rs. 1,71,09,885 which was given to the Samiti was not diverted to Samiti but was kept with Samiti to be spent for the benefit of the school. The school also stated that this amount was kept in reserve with the Samiti for the cost to be incurred for removal of Jhuggis which had occupied the playground of the school. The school was anticipating a demand of Rs. 1.50 crores from the Delhi Government to be paid to Jhuggiwalas.

With regard to development fee also, the school made certain submissions to the effect that the same was utilised for the purpose for which it was charged. The utilisation included purchase of buses and certain other fixed assets.

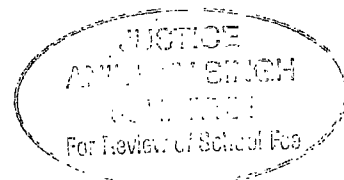
Discussion:

Tuition Fee:

The Committee notes that the school has not disputed any figure in the calculation sheet as above, except for the sum of Rs. 1,71,09,885 which was transferred to the Samiti by way of a loan. The Committee also notes the submission made by the school that this sum was parked with the Samiti for the benefit of the school. Although the school stated that the amount was kept in reserve for the anticipated demand from the Delhi Government for payment to jhuggi dwellers,

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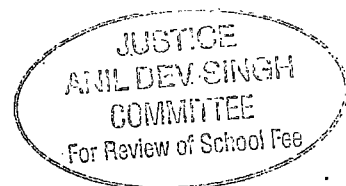


the Committee is of the view that such payment could not have been made by the school out of the fee received from the students. If anything, such liabilities ought to be discharged by the parent society. Moreover, the amount transferred to the Samiti is in violation of the law declared by the Hon'ble Supreme Court in the cases of Modern School vs. Union of India (2004) 5 SCC 583 and Action Committee Unaided Pvt. Schools and Ors. v. Director of Education and Ors. 2009 (11) SCALE 77. As per the ratio of these judgments, the schools are forbidden from transferring any funds to the parent society. Moreover, when the school had to implement the recommendations of VI Pay Commission, it ought to have retrieved such funds from the Samiti instead of burdening the students with fee hike. The Committee also gathered that the Samiti which takes decisions on behalf of the schools run by it is not inclined to pay the balance arrears of salary to the staff over and above the arrear fee collected by the schools. As such, the school cannot be allowed to retain funds with it, which were recovered in excess of its requirements for the purpose of implementation of VI Pay Commission report.

So far as the liability of premium of group gratuity policy for past service of the staff is concerned, the Committee accepts the contention of the school and will accordingly factor in the same while making the final determinations.

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Determinations:

As per foregoing discussions, the Committee makes the following determinations:

Surplus as determined in the calculation sheet	97,07,148
Less Liability for past service gratuity	<u>88,84,049</u>
Excess Tuition Fee recovered	<u>8,23,099</u>

Development Fee:

So far as the contention of the school that the development fee was charged in accordance with the instructions of the Directorate of Education, the Committee notes that the instructions were in fact not followed. Direction no. 7 of the order dated 15/12/1999, as cited by the school itself reads as follows:

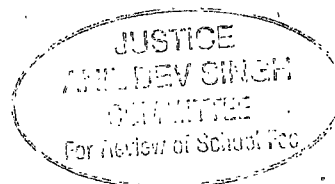
"7. Development fee, no exceeding ten percent of the total annual tuition fee may be charged for supplementing the resources for purchase of furniture, fixtures and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with the income generated from the investment made out of this fund, will be kept in a separately maintained Development Fund Account."

Hence as per the above order, relied upon the school itself, development fee could be charged only if the following pre conditions were satisfied:

- (i) The Development fee is treated as a capital receipt

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- (ii) It is to be utilised for purchase of furniture, fixtures and equipments
- (iii) It is to be collected only if the school maintains earmarked development fund and depreciation reserve fund accounts.

This direction was upheld by the Hon'ble Supreme Court in the case of Modern School (supra). The school was not complying with any of the pre conditions laid down for charging of development fee. It was admittedly treating it as a revenue receipt, it was being utilised for assets like buses, no earmarked depreciation reserve for development fund accounts were maintained. The Committee is therefore of the view that the development fee collected by the school for the year 2010-11 amounting to **Rs. 5,033,500** was not in accordance with law.

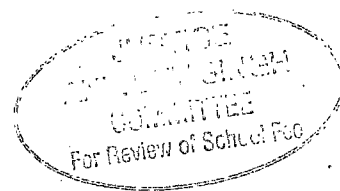
Recommendations:

In view of the aforesaid determinations, the school ought to refund a sum of **Rs. 8,23,099** out of the incremental tuition fee recovered by it for the year 2009-10 and the sum of **Rs. 50,33,500** recovered as development fee in the year 2010-11, along with interest @ 9% per annum from the date of collection to the date of refund.

Recommended accordingly.

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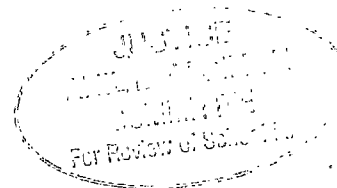
2. B-370, Krishan Lal Kohli Saraswati Bal Mandir Sr. Sec. School, Mehruali, New Delhi-110030

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. The annual returns filed by the school under Rule 180 of The Delhi School Education Rules, 1973 for the years 2006-07 to 2010-11 along with the statement of fees and detail of salary paid to the staff before and after implementation of VI Pay Commission report were requisitioned by the Committee from the Dy. Director of Education (South). A copy of the circular issued to the parents of the students, as filed by the school with the Dy. Director was also received. As per the circular, the fee of students of all the classes was hiked by Rs. 300 per month w.e.f. 01/09/2008. Besides, a sum of Rs. 3,000 was demanded as lump sum arrear for the period 01/01/2006 to 31/08/2008 from the students. The school also filed with the Dy. Director, details of arrear salary paid for the period 01/01/2006 to 31/08/2008 which amounted to **Rs. 7,93,523** which was 18% of the total amount due. Similarly the school filed details of arrears paid for the period September 2008 to February 2009, which amounted to **Rs. 6,37,781** which was 50% of the total amount due. Accordingly the school was placed in category 'B' for the purpose of verification.

Preliminary calculations were made in the first instance by the Chartered Accountants (CAs) detailed with the Committee and as per their working, the school had a surplus of Rs. 28,59,882 after taking

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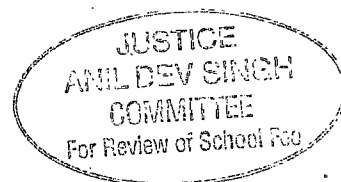


into consideration the additional expenditure on account of implementation of VI Pay Commission report and the total liability of arrear salary. However, the Committee was of the view that the calculations were not appropriate as the school, of its own accord, paid arrears to the extent of 18% for the period 01/01/2006 to 31/08/2008 and 50% for the period 01/09/2008 to 31/03/2009. Liability for full arrears could be taken into account if the school had subsequently the balance arrears and for this purpose clarification was needed from the school.

In order to facilitate the calculations of the justifiable amount of fee hike, the Committee issued a notice dated 15/05/2015 to the school requiring it to furnish the relevant information regarding fee and salary (including arrear fee and salary) for the years 2008-09 to 2010-11, duly reconciled with the audited Income & Expenditure Accounts of the school, in a structured format. The school furnished its reply under cover of its letter dated 30/05/2015. The information, as furnished by the school in the structured format is as follows:

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Fee	2008-09	2009-10	2010-11
Arrear fee for the period from 01.01.2006 to 31.08.2008	8,90,500	8,82,500	0
Arrear fee (Tuition fee) for the period from 01.09.2008 to 31.03.2009	13,33,490	3,55,350	0
Arrear fee (Development fee) for the period from 01.09.2008 to 31.03.2009	0	0	0
Regular/ Normal Tuition Fee	1,21,17,980	1,48,97,350	1,63,14,775
Regular/Normal Development Fee received for the year (if treated as a revenue receipt)	0	0	16,20,450
Fee under the other heads (please specify headwise)	35,40,675	36,41,475	41,81,875
Total as per Income & Expenditure Account	1,78,82,645	1,97,76,675	2,21,17,100
Salary			
Arrear Salary for 01.01.2006 to 31.08.2008	0	0	12,23,129
Arrear Salary for 01.09.2008 to 31.03.2009	0	9,71,074	0
Regular/ Normal Salary	76,84,686	1,26,09,324	1,83,27,076
Total as per Income & Expenditure Account	76,84,686	1,35,80,358	1,95,50,205

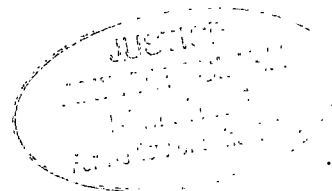
The school also furnished the copies of the bank statement evidencing payment of arrear salary as well as regular salary by direct bank transfer.

The school also stated that it had an accrued liability of gratuity amounting to Rs. 56,57,075 and leave encashment amounting to Rs. 19,79,357 as on 31/03/2010, without furnishing any details.

A notice dated 22/07/2015 was issued to the school providing it an opportunity of being heard by the Committee on 01/08/2015. On

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this date, Sh. Naresh Kalpasi, a UDC of the school appeared without any authorisation (subsequently on 03/08/2015, he filed an authorisation from the head of the school). He was heard by the Committee.

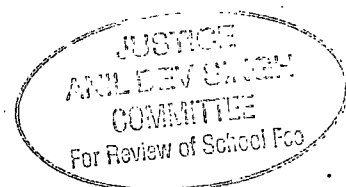
The Committee noticed that as against a collection of Rs. 34,61,840 as arrear fee from the students, the school had paid only a sum of Rs. 21,94,203 as arrear salary. The representative of the school submitted that this was done in accordance with the instructions received from the Samiti and the school still had a liability to pay more arrear salary. However, he conceded that the last payment of arrears amounting to Rs. 12,23,129 was made on 15./09/2010 and thereafter, no payment had been made. The Committee also observed that the school had transferred a sum of Rs. 59,74,040 to Sammarth Shiksha Samiti, the parent society running the school. The representatives of the school explained that the Samiti collects the excess funds which are available with the school and out of such collection, funds are transferred to those schools which are facing deficits.

With regard to accrued liability of gratuity, the school stated that it had no such liability as it pays annual premium on a group gratuity policy taken by Samarth Shiksha Samiti in respect of its employees and the information regarding the accrued liability of gratuity earlier was erroneous.

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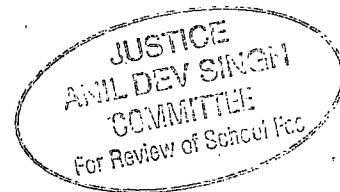
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The representatives of the school contended that the school ought not be asked to refund the fee as the balance arrears shall be paid by the school on receipt of instruction from the parent body. On this plea of the school, the representatives were asked to file by 31/08/2015, an undertaking of the parent body that the arrears will be paid within one month and the proof of such payment may also be filed. However, the school did not file any undertaking.

Based on the information furnished by the school, a preliminary calculation sheet was drawn up by the Committee which is as follows:

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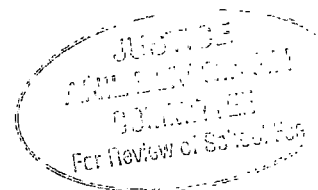


Statement showing Fund available as on 31-03-2008 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report			
	Particulars	Amount (Rs.)	Amount (Rs.)
	Amount transferred to South Zone Samiti(SZS) and Bhawan Nirman Samiti (BNS) in 2008-09 and 2009-10		9,747,357
	<u>Current Assets</u>		
	Cash in hand	-	
	Bank Balance	573,443	
	Sundry Debtors	998	
	Pupil Fund Account	515,731	
	TDS on FDRs	6,047	1,096,219
Less	<u>Current Liabilities</u>		
	Advance Fee received	41,310	
	Inderson Motors	3,278	
	Audit Fee Payable	12,347	56,935
	Net Current Assets		1,039,284
	Net Current Assets + Amount transferred to SZS and BNS		10,786,641
Less	Arrear of Salary as per 6th CPC w.e.f. 01.01.06 to 31.08.08	1,223,129	
	Arrear of Salary as per 6th CPC from 01.09.08 to 31.03.09	971,074	
	Incremental Salary in 2009-10 (as per calculation given below)	4,924,638	7,118,841
	Excess / (Short) Fund Before Fee Hike		3,667,800
Add	Arrear of Tuition fee for the period from 01.01.06 to 31.08.08	1,773,000	
	Arrear of Tuition fee for the period from 01.09.08 to 31.03.09	1,688,840	
	Incremental fee in 2009-10 (as per calculation given below)	2,779,370	6,241,210
	Excess / (Short) Fund After Fee Hike		9,909,010
Less	Reserves required to be maintained:		
	for future contingencies (equivalent to 4 months salary)	4,203,108	
	for Leave Encashment as on 31.03.2010	1,979,357	6,182,465
	Excess / (Short) Fund		3,726,545

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Note: Investment in FDRs as on 31.3.2008 have not been taken into account as the same were subsequently encashed and transferred to South Zone samiti/ Bhawan Nirman Samiti. The amount transferred to these Samitis has already been taken into account.

Development Fee charged pursuant to order dated 11.2.2009 refundable as it is treated as revenue receipt:

2009-10	-
2010-11	<u>1,620,450</u>
Total	<u>1,620,450</u>

Working Notes:

	2008-09	2009-10
Salary as per Income & Expenditure Account	<u>7,684,686</u>	12,609,324
Incremental Salary in 2009-10 as per I & E A/c	<u>4,924,638</u>	

	2008-09	2009-10
Tuition Fee as per Income & Expenditure Account	<u>12,117,980</u>	14,897,350
Incremental Tuition Fee in 2009-10 as per I & E A/c	<u>2,779,370</u>	

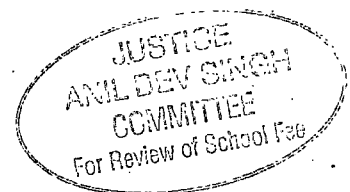
Vide notice dated 16/10/2015, a copy of the calculation sheet was furnished to the school for its comments. The hearing was fixed for 29/10/2015.

On this date, Sh. Santosh Pathak, Treasurer and Sh. Dinesh Khandelwal, Vice President of Samarth Shiksha Samiti appeared and for the first time submitted that the Samiti had a liability in respect of the premium payable on group gratuity policy of LIC for the past service of the employees and such liability was in excess of the surplus worked out in the preliminary calculations. They were afforded an opportunity to file details of such liability alongwith supporting evidence within 10 days.

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In response, the school filed a letter dated 09/11/2015, stating inter alia, that the group gratuity policy was taken by the Samiti in the year 2000. However, the full amount of premium could not be paid. A sum of Rs. 5,73,62,443 was short paid as on 31/03/2010. This shortfall was on account of liability of 523 employees of all the schools run by the Samiti. The school calculated its liability in the proportion of the number of employees deployed in the school i.e. 37 to the total number of employees of all the schools run by the Samiti. The calculation submitted by the school is as follows:

$$\frac{37 \times 5,73,62,443}{523} = 40,58,146$$

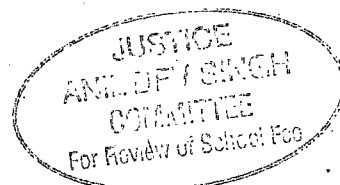
Besides, the school also submitted that the sum of Rs. 97,47,357 which was given to the Samiti was not diverted to Samiti but was partly (Rs. 43,55,398) spent by the Samiti for construction of additional part of school building which the school reimbursed to the Samiti. The balance amount was utilised for meeting the expenses of other schools run by the Samiti which are not self sufficient.

The school also objected to the inclusion of pupil fund of Rs. 5,15,731 in the funds available for implementation of recommendations of VI Pay Commission on the ground that such amount could only be utilised for the benefit of the students.

With regard to development fee also, the school made certain submissions to the effect that the same was utilised for the purpose for which it was charged. The utilisation included purchase of buses

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and certain other fixed assets. It relied on direction no. 7 of notification dated 15/12/1999 issued by the Director of Education.


Discussion:

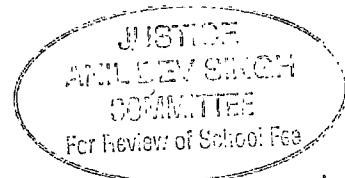
Tuition Fee:

The Committee notes that the school has not disputed any figure in the calculation sheet as above, except for the sum of Rs. 97,47,357 which was transferred to the Samiti by way of a loan and inclusion of pupil fund of Rs. 5,15,731.

As regards the contention of the school that a part of the amount was reimbursed to the parent society against the cost of additional building constructed by the school, the Committee is of the view that the same cannot be accepted as the building cannot be constructed out of funds generated by the school by way of fee from students. In **Delhi Abibhavak Mahasangh v. Union of India and others AIR 1999 Delhi 124**, the Hon'ble Delhi High Court held that "*The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society*". This judgment was rendered while the Hon'ble High Court was considering the issue of fee hike effected by the schools for implementation of the recommendations of V Pay Commission. The Hon'ble High Court also constituted a Committee headed by Justice Santosh Duggal (Retd.) to examine the issue of fee hike effected by the schools for the aforesaid purpose. One of the recommendations the Duggal Committee was as follows:

20. *The schools, should be prohibited from discharging any of the functions, which rightly fall in the domain of the parent*

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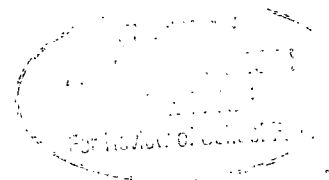
society, out of the fee and other charges, collected from the students, or where the parents are made to bear, even in part, the financial burden for the creation of facilities including building, on a land which had been given to the society at concessional rates for carrying out a "philanthropic" activity. One only wonders what then is the contribution of the society that professes to run The School ! (Para 7.24)

The 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. The Hon'ble Supreme Court, after considering the provision of Section 18(3) of the Delhi School Education Act, 1973 and Rules 175 and 177 of Delhi School Education Rules, 1973, held 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 benefits to the employees shall constitute deduction from the income in the first instance.

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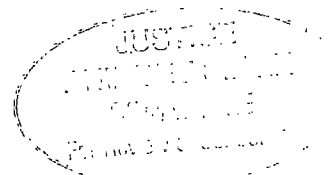
That after such deduction, surplus if any, shall be appropriated towards pension, gratuity, reserves and other items of appropriations enumerated in Rule 177(2) and after such appropriation the balance (savings) shall be utilised to meet capital expenditure of the same school or to set up another school 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.** 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.

Expenditure on construction of additional building is capital in nature and in terms of the judgment of the Hon'ble Supreme Court read with the recommendations of Duggal Committee, the same cannot be incurred out of the fee collected from the students. Therefore, this contention of the school is rejected.

As regards the funds transferred to the society for meeting the deficit of other schools run by the Samiti, the Committee finds no

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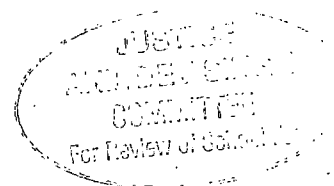

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justification for the same. The students of this school cannot be burdened with the losses of the other schools run by the Samiti. Moreover, the transfer of funds, for whatever purpose, to the parent society by the school is forbidden by the judgments of the Hon'ble Supreme Court in the case of Modern School (supra) & Action Committee Unaided Private Schools 2009 (11) SCALE 77. Therefore, this contention of the school also cannot be accepted.

With regard to the inclusion of pupil fund in the total funds available, the Committee notes from the balance sheet that there is no corresponding figure of pupil fund collection on the liability side of the balance sheet. A sum of Rs. 5,15,731 has been shown as a current asset under the head pupil fund. This indicates that a sum of Rs. 5,15,731 has been spent out of the general fund of the school for the benefit of the students and this sum is recoverable from the pupil fund. The Committee does not see any reason to exclude this outstanding due from the pupil fund from the calculation of funds available for implementation of the recommendations of VI Pay Commission. Accordingly this contention of the school is also rejected.

So far as the liability of premium of group gratuity policy for past service of the staff is concerned, the Committee accepts the contention of the school and will accordingly factor in the same while making the final determinations.

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Determinations:

As per foregoing discussions, the Committee makes the following determinations:

Surplus as determined in the calculation sheet	37,26,545
Less Liability for past service gratuity	<u>40,58,146</u>
Shortfall	<u>3,31,601</u>

Development Fee:

So far as the contention of the school that the development fee was charged in accordance with the instructions of the Directorate of Education, the Committee notes that the instructions were in fact not followed. Direction no. 7 of the order dated 15/12/1999, as cited by the school itself reads as follows:

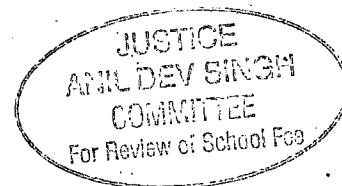
"7. Development fee, no exceeding ten percent of the total annual tuition fee may be charged for supplementing the resources for purchase of furniture, fixtures and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with the income generated from the investment made out of this fund, will be kept in a separately maintained Development Fund Account."

Hence as per the above order, relied upon the school itself, development fee could be charged only if the following pre conditions were satisfied:

- (i) The Development fee is treated as a capital receipt

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- (ii) It is to be utilised for purchase of furniture, fixtures and equipments
- (iii) It is to be collected only if the school maintains earmarked development fund and depreciation reserve fund accounts.

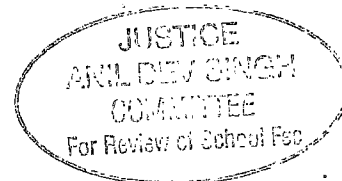
This direction was upheld by the Hon'ble Supreme Court in the case of Modern School (supra). The school was not complying with any of the pre conditions laid down for charging of development fee. It was admittedly treating it as a revenue receipt, it was being utilised for assets like buses, no earmarked depreciation reserve for development fund accounts were maintained. The Committee is therefore of the view that the development fee collected by the school for the year 2010-11 amounting to **Rs. 1,620,450**, was not in accordance with law. However, the Committee is of the view that the amount of **Rs. 3,31,601** which was the shortfall in tuition fee, ought to be set off against the unauthorized development fee charged by the school. Accordingly the Committee is of the view that the school ought to refund only the balance amount of **Rs. 12,88,849**, out of the development fee charged for the year 2010-11, along with interest @ 9% per annum from the date of collection to the date of refund.

Recommendations:

In view of the aforesaid determinations, the school ought to refund a sum of Rs. 12,88,849 out of the development fee recovered by it for the year 2010-11, along with interest @ 9% per annum from the date of collection to the date of refund.

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3. B-555, Shri Sanatan Dharam Saraswati Bal Mandir Sr. Sec.

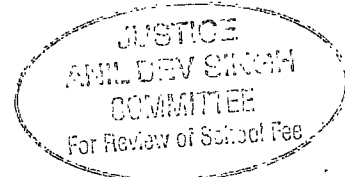
School, West Punjabi Bagh, New Delhi-110026.

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. The annual returns filed by the school under Rule 180 of The Delhi School Education Rules, 1973 for the years 2006-07 to 2010-11 were requisitioned by the Committee from the Dy. Director of Education (West-A). On prima facie examination of the returns filed by the school, it appeared that the school had hiked the fee as per order dated 11/02/2009 issued by the Director of Education and also implemented the recommendations of VI Pay Commission. Accordingly, the school was placed in category 'B' for the purpose of examination.

Since the school had not responded to the questionnaire issued by the Committee, a fresh questionnaire was issued to the school on 30/07/2013. The questionnaire was revised so as to include the relevant queries with regard to charging of development fee, its utilisation and maintenance of earmarked development and depreciation reserve funds. The school, for some strange reasons, submitted its reply to the questionnaire to the District Education Officer instead of the to the Committee. A copy of the reply submitted by the school was subsequently forwarded to the Committee, on being reminded. The school submitted a very vague reply in terms of Yes, Yes please, or No to various queries raised by the Committee. For

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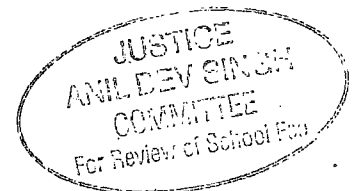


calculating the additional expenditure on salary on implementation of VI Pay Commission, the school strangely submitted copies of its salary sheets for the months of **December 2005** and **March 2009**. The information as discernible from the details submitted by the school alongwith its reply was as follows:

- (i) The total amount of arrears payable to the staff for the period January 2006 to August 2008 were Rs. 92,97,598 out of which only 18% amounting to Rs. 16,73,570 was payable. There was no indication whether it had actually paid or not.
- (ii) The total amount of arrears payable to the staff for the period September 2008 to February 2009 were Rs. 29,03,329 out of which only 50% amounting to Rs. 14,51,685 was payable. There was no indication whether it had actually paid or not.
- (iii) The school collected a total of Rs. 19,94,030 as arrears of tuition fee (for the period 01/09/2008 to 31/03/2009) during the 2008-09 to 2011-12 and a sum of Rs. 20,26,145 as lump sum arrears for the period 01/01/2006 to 31/08/2008.
- (iv) The total collection of tuition fee for the year 2008-09 was Rs. 1,41,36,630 which went up to Rs. 1,90,17,160 in 2009-10.
- (v) Development fee was treated as a revenue receipt. The total collection under this head was Rs. 28,85,050 in 2009-10 and Rs. 29,00,575 in 2010-11.

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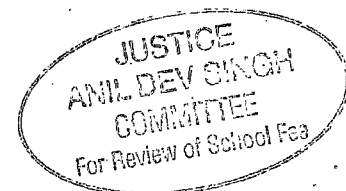
- (vi) The development fee was utilised for the purpose of meeting revenue expenses like development expenses (nature not specified), electricity and water and house tax.

In order to facilitate the calculations of the justifiable amount of fee hike, the Committee issued a notice dated 25/05/2015 to the school requiring it to furnish the relevant information regarding fee and salary (including arrear fee and salary) for the years 2008-09 to 2010-11, duly reconciled with the audited Income & Expenditure Accounts of the school, in a structured format. The school furnished its reply under cover of its letter dated 30/05/2015. The information, as furnished by the school in the structured format is as follows:

Fee	2008-09	2009-10	2010-11
Arrear fee for the period from 01.01.2006 to 31.08.2008	2,77,315	17,09,070	28,600
Arrear fee (Tuition fee) for the period from 01.09.2008 to 31.03.2009	9,26,605	9,04,370	26,20,760
Arrear fee (Development fee) for the period from 01.09.2008 to 31.03.2009	0	0	0
Regular/ Normal Tuition Fee	1,42,01,455	1,90,08,115	2,15,27,540
Regular/Normal Development Fee received for the year (if treated as a revenue receipt)	14,51,100	28,83,750	29,00,575
Fee under the other heads (please specify headwise)	31,68,775	33,40,453	41,83,335
Total as per Income & Expenditure Account	2,00,25,250	2,78,45,758	3,12,60,810
Salary			
Arrear Salary for 01.01.2006 to 31.08.2008	0	0	16,73,568.
Arrear Salary for 01.09.2008 to 31.03.2009	0	14,51,685	0
Regular/ Normal Salary	1,10,12,489	1,94,74,690	2,51,23,067
Total as per Income & Expenditure Account	1,30,77,680	2,35,31,298	2,68,96,844

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The school also furnished the copies of the bank statement evidencing payment of arrear salary as well as regular salary by direct bank transfer.

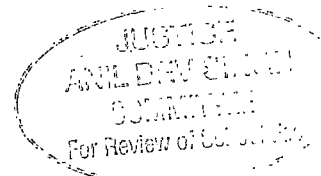
Instead of furnishing any details regarding accrued liability of leave encashment, the school merely explained the process as to how this liability is discharged.

A notice of hearing was issued to the school for providing it an opportunity of being heard on 08/08/2015. On this date, Sh. Dinesh Khandelwal, Vice President of Samarth Shiksha Samiti appeared with Ms. Sunita Gaur, Principal of the school and Sh. Diwan Singh, UDC. During the course of hearing, they conceded that the school had recovered a sum of Rs. 64,66,720 as arrear fee but had paid only Rs. 31,25,253 as arrear salary. They contended that this was on account of the fact that the decision regarding payment of arrear salary is taken by the Samiti and the school only acts in pursuance thereof. With regard to development fee, they conceded that the same was treated as a revenue receipt.

Although the figures given by the school as per its reply dated 01/06/2015 and the oral submissions made on 08/08/2015, were different from the figures given earlier in its reply to the questionnaire and also did not reconcile with the figures as per the Income & Expenditure Accounts of the school, a calculation sheet was prepared by the Committee on a best case scenario basis. The same is as follows:

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Statement showing Fund available as on 31-03-2008 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report			
	Particulars	Amount (Rs.)	Amount (Rs.)
	<u>Current Assets</u>		
	Cash in hand	-	
	Bank Balance	2,348,887	
	Fixed Deposits with accrued interest	690,299	
	TDS	10,018	
	Advance to Gurnam Singh	446,916	
	Advance Ashok	47,000	
	Advance Hari Singh	72,916	
	Advance North Zone	50,000	
	Fees Receivable	30,410	3,696,446
Less	<u>Current Liabilities</u>		
	Advance fee received	261,010	
	Audit Fee Payable	25,829	286,839
	Net Current Assets		3,409,607
Less	Arrear of Salary as per 6th CPC w.e.f. 01.01.06 to 31.08.08	1,673,568	
	Arrear of Salary as per 6th CPC from 01.09.08 to 31.03.09	1,451,685	
	Incremental Salary in 2009-10 (as per calculation given below)	8,462,201	11,587,454
	Excess / (Short) Fund Before Fee Hike		(8,177,847)
Add	Arrear of Tuition fee for the period from 01.01.06 to 31.08.08	2,014,985	
	Arrear of Tuition fee for the period from 01.09.08 to 31.03.09	4,451,735	
	Incremental fee in 2009-10 (as per calculation given below)	4,806,660	11,273,380
	Excess / (Short) Fund After Fee Hike		3,095,533
Less	Reserves required to be maintained:		
	for future contingencies (equivalent to 4 months salary)	6,491,563	
	for Leave Encashment as on 31.03.2010		6,491,563
	Excess / (Short) Fund		(3,396,030)

Development Fee charged pursuant to order dated 11.2.2009 refundable as it is treated as revenue receipt:

2009-10	2,883,750
2010-11	2,900,575
	<u>5,784,325</u>
Less: Shortfall in tuition fee account on implementation of 6th Pay Commission	<u>(3,396,030)</u>
Net amount refundable	<u>2,388,295</u>

Working Notes:

	2008-09	2009-10
Salary as per Income & Expenditure Account	<u>11,012,489</u>	19,474,690
Incremental Salary in 2009-10 as per I & E A/c	<u>8,462,201</u>	
	2008-09	2009-10
Tuition Fee as per Income & Expenditure Account	<u>14,201,455</u>	19,008,115
Incremental Tuition Fee in 2009-10 as per I & E A/c	<u>4,806,660</u>	

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Vide notice dated 16/10/2015, a copy of the calculation sheet was furnished to the school for its comments. The hearing was fixed for 29/10/2015.

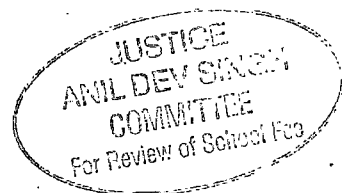
On this date, Sh. Santosh Pathak, Treasurer and Sh. Dinesh Khandelwal, Vice President of Samarth Shiksha Samiti appeared and for the first time submitted that the Samiti had a liability in respect of the premium payable on group gratuity policy of LIC for the past service of the employees and such liability was in excess of the surplus worked out in the preliminary calculations. They were afforded an opportunity to file details of such liability alongwith supporting evidence within 10 days.

In response, the school filed a letter dated 06/11/2015, stating inter alia, that the group gratuity policy was taken by the Samiti in the year 2000. However, the full amount of premium could not be paid. A sum of Rs. 5,73,62,443 was short paid as on 31/03/2010. This shortfall was on account of liability of 523 employees of all the schools run by the Samiti. The school calculated its liability in the proportion of the number of employees deployed in the school i.e. 56 to the total number of employees of all the schools run by the Samiti. The calculation submitted by the school is as follows:

$$\frac{56 \times 5,73,62,443}{523} = 61,42,058$$

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Besides, the school also submitted that the school had a liability of earned leave salary amounting to Rs. 40,41,686. It furnished employee wise details of such liability.

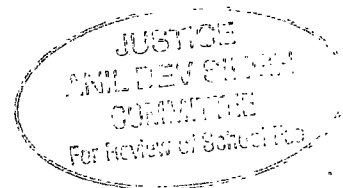
The school also made certain submissions regarding the amount of back salary payable to a retired employee in pursuance of a court order and certain submissions regarding the development fee. However, in view of the recommendations being made by the Committee, the same need not be considered.

Discussion and Determination:

The Committee notes that in terms of the calculations made by it, prima facie, an amount of **Rs. 23,88,295** was determined to be refundable, after taking into account the shortfall in tuition fee account, the unauthorized development fee recovered in the years 2009-10 and 2010-11. This calculation was made without taking into account the accrued liability of leave encashment and gratuity for lack of information provided by the school. Vide submissions 06/11/2015, the school has furnished the detail of accrued liability of gratuity and leave encashment. The same are as **Rs.61,42,058** and **Rs. 40,41,686**. The Committee has examined these details and found them to be in order. In view of the foregoing facts, the Committee is of the view that no recommendation on account of refund of any part of tuition fee or development fee is called for.

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Recommendations:

In view of the above discussion, no intervention is required to be made with regard to the fee hike or the charging the development fee as the school was in overall deficit.

Sd/-

CA J.S. Kochar
Member

Sd/-

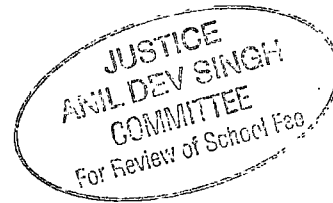
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Dated: 30/11/2015

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Fr. Agnel School, Gautam Nagar, New Delhi-110049

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In response to the questionnaire dated 27/02/2012, issued by the Committee, the school, vide its letter dated 14/03/2012, stated as follows:

- (a) It had implemented the recommendations of VIth Pay Commission w.e.f. 01/01/2006.
- (b) It had paid the arrears of salary for the period 01/01/2006 to 31/08/2008.
- (c) It had hiked the fee in pursuance of order dated 11/02/2009 issued by the Director of Education w.e.f. 01/04/2009.
- (d) It had recovered the arrears of fee for the period 01/01/2006 to 31/08/2008 and that for the period 01/09/2008 to 31/03/2009.

Based on the above reply, the school was placed in category 'B' for verification.

Perusal of the circular dated 20/02/2009 issued to the parents of the students by the school, shows that the school increased the fee by Rs. 525 per month w.e.f. 01/09/2008. The break up of such increase, as advised to the parents was as follows:

Increase in tuition fee	Rs. 300 per month
Fresh levy of development fee @ 15% of Tuition fee	<u>Rs. 225 per month</u>
Total	<u>Rs. 525 per month</u>

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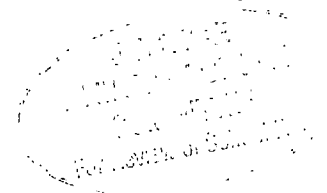
Secretary

Copies of the Annual returns filed by the school under rule 180 of Delhi School Education Rules 1973, were received from the office of the concerned Dy. Director of Education. On examination of the documents submitted by the school as well as the reply to the questionnaire furnished by the school, certain relevant information like salary sheets for the month of March 2009 and April 2009 and audited financials for the year 2010-11, was found to be lacking. The school was required to furnish these documents vide email dated 24/07/2013 sent by the Committee. The necessary information was provided by the school under cover of its letter dated 29/07/2013.

The relevant calculations to examine the justifiability of fee hike were, in the first instance, prepared by the Chartered Accountants detailed with the Committee (CAs). As per these calculations, the school was in deficit to the tune of Rs. 1,19,79,735, after taking into account the funds available with the school at the threshold, the additional revenue generated by the school by way of fee hike and recovery of arrears and the financial impact of the implementation of VI Pay Commission report.

On prima facie examination of the preliminary calculations prepared by the CAs, the Committee observed that the CAs had calculated the financial impact of implementation of VI Pay Commission report by extrapolating the difference in monthly salary that was paid immediately before implementation of VI Pay

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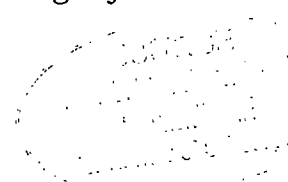
Fr. Agnel School, Gautam Nagar, New Delhi-110049

Commission report and the monthly salary that was paid immediately after such implementation. Likewise, the additional fee revenue on account of fee hike and recovery of arrear fee was calculated by factoring in the total number of students and the monthly fee hike. No attempt was made to reconcile the figures with the audited financials of the school.

The Committee issued a notice dated 22/08/2014, requiring the school to furnish the aggregate figures of arrear fee for different periods, regular tuition fee for 2008-09, 2009-10 and 2010-11, arrear salary and regular salary for these years, duly reconciled with the audited Income & Expenditure Account. The school was also required to furnish bank statements highlighting payment of salaries, the statement of account of the trust/ society running the school as appearing in its books, details of accrued liabilities, gratuity and leave encashment. The hearing was fixed for 12/09/2014. On this date, Fr. J.A. Carvalho, Principal of the School appeared along with one Sh. Sunil Rustagi. They furnished the information, as required by the Committee. For the first time, it informed the Committee that the school had moved the Grievance Redressal Committee constituted by the Directorate of Education in terms of clause 10 of the order dated 11/02/2009 and vide order dated 21/10/2009, the school had been allowed a further hike of Rs. 65 per month, over and above the hike already effected by the school. On perusal of the information furnished by the school, the Committee, inter alia, sought justification

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Fr. Agnel School, Gautam Nagar, New Delhi-110049

from the school regarding recovering development fee arrears @ Rs. 225 per month for the period 01/09/2008 to 31/03/2009, when the tuition fee was hiked by Rs. 300 per month. In other words, the school was asked to justify recovery of development fee arrears which were 75% of the tuition fee arrears. The school was also issued a questionnaire seeking information regarding the charge of development fee in the years 2006-07 to 2010-11. A fresh hearing was fixed on 25/03/2015 for this purpose. On this date, the aforesaid representatives of the school again appeared and they clarified that the school did not charge any development fee in 2008-09 or in any of the subsequent years. The school recovered the development fee @ Rs. 225 per month, which was 15% of the total tuition fee, as enhanced in pursuance of order dated 11/02/2009, as in the perception of the school, clause 14 of the order dated 11/02/2009 permitted the school to charge the same. The total amount recovered on this account was Rs. 31,50,000. The representatives of the school also requested that they be permitted to file a revised statement of fee and salary as the one filed earlier had certain clerical errors. They were given liberty to do so by 27/03/2015, on which date, they filed a revised statement. The figures furnished by the school as per the revised statement are as follows:

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Fr. Agnel School, Gautam Nagar, New Delhi-110049

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Fee	2008-09	2009-10	2010-11
Arrear fee for the period from 01.01.2006 to 31.08.2008	54,34,187	0	27,11,530
Arrear fee (Tuition fee) for the period from 01.09.2008 to 31.03.2009	0	53,89,578	0
Arrears of Development fee	31,50,000	0	0
Regular/ Normal Tuition Fee	3,56,90,414	5,15,47,801	6,29,70,947
Regular/ Normal Development Fee, if treated as revenue receipt	0	0	0
Salary			
Arrear Salary for 01.01.2006 to 31.08.2008	0	53,57,723	82,93,386
Arrear Salary for 01.09.2008 to 31.03.2009	54,91,187	0	0
Regular/ Normal Salary	3,23,74,423	4,53,81,808	5,53,64,627

The Committee verified these figures with the audited financials of the school and it was observed that the figures of regular salary for the years 2008-09 and 2009-10 as furnished by the school, did not match with the audited financials of the school. As per the audited financials, the total expenditure on salary for these two years was as follows:

Detail of regular salary as per Income & Expenditure Account	2008-09	2009-10
Salaries	28,999,804	40,821,605
Provident Fund Contribution	1,105,793	1,110,260
Admn. Charges on PF	105,574	148,747
Total	30,211,171	42,080,612

The remaining figures were found to be in order.

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Fr. Agnel School, Gautam Nagar, New Delhi-110049

The school also furnished the details of its accrued liabilities of gratuity and leave encashment as on 31/03/2010. As per the details furnished, the total liability on these two accounts was Rs. 2,12,41,019 and Rs. 2,68,25,175 respectively. However, on verification by the Committee, it was observed that the liability on account of gratuity was overstated by the school as the liability in respect of some of the individual staff members was shown to be in excess of Rs. 3,50,000 which was the maximum gratuity payable under the law at that point of time. The total amount which was overstated was Rs. 9,00,783. Therefore, the actual liability on account of gratuity was Rs. 2,03,40,236.

Calculation sheet

As the school hiked the tuition fee w.e.f. 01/09/2008, the Committee has to determine the funds available with the school as on 31/03/2008 i.e. the date for which the audited balance sheet is available, immediately before the fee hike. As per the balance sheet as on 31/03/2008, the Committee finds that the school had literally no funds available with it. The total funds which were available, are Rs. 1,19,556, which have been worked out as under:

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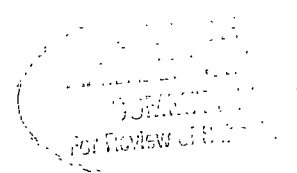
Current Assets		
Cash in hand	66,185	
Bank Balance	1,943,447	
Fixed Deposits including Interest	3,710,218	
Advances to staff	304,337	6,024,187
Less Current Liabilities		
Caution Money	4,622,500	
Sundry Creditors	1,269,329	
TDS Payable	12,802	5,904,631
Net Current Assets		119,556

The Committee has taken a consistent view that the total funds available with the school ought not to be considered as available for implementation of VI Pay Commission report but the schools ought to retain funds in reserve for meeting its accrued liabilities of gratuity, leave encashment and for future contingencies. However, since the school did not have any funds available with it, there is no question of allowing any funds to be kept in reserve for these purposes.

Hence the only question that is to be considered by the Committee is whether the additional funds raised by the school by resorting to fee hike and recovering arrear fees were excessive or justified. The Committee is not considering whether the additional resources generated by the school were short of the requirement of the school for implementing the recommendations of the VI Pay

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Fr. Agnel School, Gautam Nagar, New Delhi-110049

Commission report as the school has made no claim for being allowed a further hike in fee, over and above the hike allowed by the Directorate of Education vide order dated 11/02/2009 and the subsequent order dated 21/10/2009.

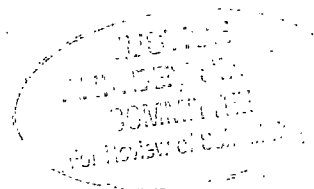
The additional funds generated by the school by way of fee hike and recovery of arrear fee, are as follows:

Arrear of tuition fee for the period from 01.01.06 to 31.03.09	13,535,295
Development fee for the year 2008-09 recovered as lump sum arrears for the period 01/09/2008 to 31/03/2009	3,150,000
Incremental Tuition fee in 2009-10	15,857,387
Total	32,542,682

The Committee is of the view that the school was not justified in imposing a fresh levy of development fee for the year 2008-09 in the garb of recovering the arrears of development fee amounting to Rs. 31,50,000 for the period 01/09/2008 to 31/03/2009. When no development fee was being charged by the school, there is no question of recovery of any arrears of development fee, which is a consequence of the increase in development fee on account of the increase in tuition fee to which it is linked. The reliance placed by the school on para 14 of the order dated 11/02/2009, is wholly misplaced. What the school did was not to recover the arrears of development fee consequential to increase in tuition fee but the school levied a fresh development fee for the year 2008-09 and recovered the whole amount

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of fee for the year disguising them as arrears for the period 01/09/2008 to 31/03/2009. Order dated 11/02/2009 of the Director of Education did not permit the schools to introduce a fresh levy of development fee for the year 2008-09 but only envisaged recovery of arrears of development fee for the period 01/09/2008 to 31/03/2009 which were a result of increase in tuition fee and the consequential increase in development fee. Levy of development fee after the start of the academic year without specific approval of the Director of Education falls foul of sub section (3) of section 17 of the Delhi School Education Act, 1973.

Excluding the aforesaid amount of Rs. 31,50,000 from the calculations, the total additional resources generated by the school by way of arrears of tuition fee and incremental tuition fee for the year 2009-10 amount to Rs. 2,93,92,682.

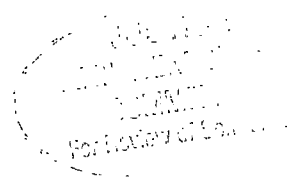
The total impact of implementing the recommendations of the VI Pay Commission was as follows:

Arrear of Salary as per 6th CPC w.e.f. 01.01.06 to 31.03.09	18,449,792
Incremental salary in 2009-10	11,869,441
Total	30,319,233

In view of the position that emerges, no fault can be found by the school hiking the tuition fee and recovering the arrears of tuition fee as per order dated 11/02/2009. The Committee is therefore of the

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Fr. Agnel School, Gautam Nagar, New Delhi-110049

view that in so far as recovery of arrears of tuition fee and the hike in tuition fee effected by the school in pursuance of order dated 11/02/2009 is concerned, no intervention is called for. However, in respect of the fresh levy of development fee for the year 2008-09 which was recovered in the disguise of arrears of incremental development fee in terms of the aforesaid order dated 11/02/2009, the Committee is of the view that despite the deficiency arising in tuition fee on account of implementation of the recommendations of VI Pay Commission, the same was not justified as it was per se illegal, having been recovered in contravention of Section 17 (3) of the Delhi School Education Act, 1973.

Recommendations:

In view of the foregoing discussion and determinations, the Committee is of the view that the school ought to refund the development fee for the year 2008-09 amounting to Rs. 31,50,000, which was recovered in the guise of arrears of incremental development fee for the period 01/09/2008 to 31/03/2009. This ought to be done along with interest @ 9% per annum from the date of collection to the date of refund.

Recommended accordingly.

Sd/-

CA J.S. Kochar
Member
Dated: 08/08/2015

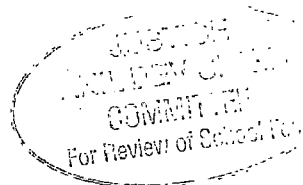
Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

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Oxford Public School, Nehru Nagar, New Delhi-110065

In order to elicit the relevant information from the schools to arrive at proper conclusions with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school).

In response to the aforesaid questionnaire, the school, vide its letter dated 16/03/2012, stated as follows:

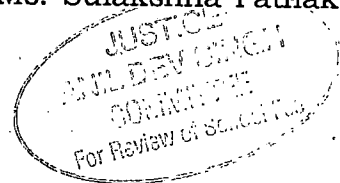
- (a) It had implemented the recommendations of VIth Pay Commission w.e.f. 29/05/2009 (Sic).
- (b) It had paid the arrears of salary, without mentioning the period to which such arrears related.
- (c) It had not hiked any fee in pursuance of order dated 11/02/2009 issued by the Director of Education, nor recovered any arrear fee.

As the school claimed not to have hiked any fee nor recovered any arrear fee for the purpose of implementation of VI Pay Commission report, initially the school was placed in category 'C'. Copies of the Annual returns filed by the school under Rule 180 of Delhi School Education Rules 1973, were received from the office of the concerned Dy. Director of Education.

The Committee required the school vide notice dated 28/03/2012 to produce its fee records before the audit officer of the Committee on 10/04/2012. On this date, Ms. Sulakshna Pathak, a

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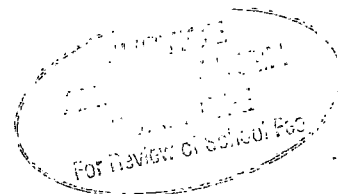
TGT of the school appeared with Sh. Pawan Jamarakar, Chartered Accountant and produced the fee records before Ms. Sunita Nautiyal, Audit Officer of the Committee. After examining the fee records, she observed that contrary to what had been stated by the school, it had actually increased the tuition fee by Rs. 350 per month for classes I to VIII and by Rs. 300 per month for classes IX & X in 2009-10.

As the audit officer had as a matter of fact found that the school had hiked the fee in terms of order dated 11/02/2009, the school was transferred to category 'B' for the purpose of verification. In the first instance, a calculation sheet was drawn up by the Chartered Accountant detailed with the Committee. However, it appeared that they had prepared the calculation sheet merely on the basis of reply to the questionnaire submitted by the school, by extrapolating the difference between pre and post hike salary, without reconciling the same with the audited financials.

The Committee issued a notice dated 27/04/2015, requiring the school to furnish the aggregate figures of arrear fee for different periods, regular tuition fee for 2008-09, 2009-10 and 2010-11, arrear salary and regular salary for these years, duly reconciled with the audited Income & Expenditure Account. The school was also required to furnish bank statements highlighting payment of salaries, the statement of account of the trust/ society running the school as appearing in its books, details of accrued liabilities, gratuity and leave

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Oxford Public School, Nehru Nagar, New Delhi-110065

encashment. The school was also issued a questionnaire regarding development fee charged by it in order to elicit the relevant information as to whether the school was following the pre conditions laid down 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 hearing was fixed for 07/05/2015.

On this date and the subsequent dates to which the hearing was adjourned, Ms. Sulakshna Pathak, Vice Principal, Ms. Saraswati Bhattacharjee, TGT appeared along with Sh. Pawan Tamarakar, Chartered Accountant. They furnished the information, as required by the Committee. They also filed a reply to the questionnaire of Development fee.

Surprisingly, during the course of hearing, the representatives of the school conceded that besides hiking the tuition fee as per order dated 11/02/2009, the school had also recovered arrear fee as envisaged in that order. However, many students did not pay the arrear fee as they came from the lower strata of the society.

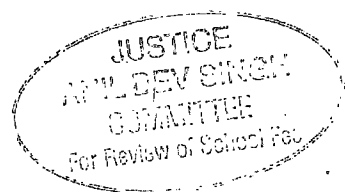
With regard to implementation of VI Pay Commission report, they submitted that the school paid arrears of salary over a period of 4 years from 2009-10 to 2012-13. While a sum of Rs. 11,50,000 was paid by bank transfer, an amount of Rs. 7,96,000 was paid in cash.

With regard to accrued liabilities of gratuity and leave encashment, it was initially submitted that the school did not have

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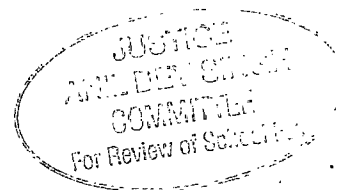


any such liabilities but on reconsidering, they stated that the school did have such liabilities but the same were not provided in the balance sheet. Vide letter dated 15/05/2015, the school furnished details of its accrued liabilities of gratuity which amounted to Rs. 22,42,041 and that of leave encashment which amounted to Rs. 15,09,492 as on 31/03/2010.

With regard to development fee, the representatives of the school stated that the school charges the fixed amount of development fee once in a year. However, they conceded that the same is treated as a revenue receipt and no earmarked accounts are maintained for development and depreciation reserve fund. In the reply to the questionnaire regarding development fee, the school stated that a sum of **Rs. 4,42,750** was collected as development fee in 2009-10 and **Rs. 4,51,100** in 2010-11.

On the basis of information furnished by the school and its audited financials, the Committee prepared a preliminary calculation sheet, which is as follows:

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Oxford Public School, Nehru Nagar, New Delhi-110065

Statement showing Fund available as on 31.03.2008 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report			
	Particulars (Oxford Public School+ Oxford Kids)	Amount (Rs.)	Amount (Rs.)
	<u>Current Assets + Investments</u>		
	Cash in hand	3,689,794	
	Bank Balance	188,733	
	Advance recoverable in cash or kind	4,048,018	
	TDS refundable	36,121	7,962,666
Less	<u>Current Liabilities</u>		
	Sundry creditors	4,938,270	
	Security Money refundable	645,480	
	Salary payable	259,020	
	PF Payable	109,206	
	TDS payable	8,498	
	Telephone Expenses payable	1,200	
		-	5,961,674
	Net Current Assets (Funds Available)		2,000,992
Less	Total Liabilities after implementation of Vith Pay Commission		
	Arrear of Salary as per 6th CPC from 1.1.2006 to 31.3.2009 (paid through Bank transfer)	1,150,000	
	Incremental Salary for 2009-10 (as per working given below)	1,412,761	2,562,761
	Excess / (Short) Fund Before Fee Hike		(561,769)
Add	Total Recovery after VI th Pay Commission		
	Arrear of tuition fee from 1.1.2006 to 31.3.2009	835,700	
	Incremental tuition fee in 2009-10 (working given below)	7,379,586	8,215,286
	Excess / (Short) Fund After Fee Hike		7,653,517
Less	Reserves required to be maintained:		
	for future contingencies (equivalent to 4 months salary)	2,203,167	
	for Gratuity as on 31.03.2010	2,242,041	
	for Leave Encashment as on 31.03.2010	1,509,492	5,954,700
	Excess / (Short) Fund		1,698,817

Working Notes:

	2008-09	2009-10
Tuition Fee as per Income & Expenditure Account	12,765,814	20,145,400
Incremental Tuition Fee in 2009-10 as per I & E A/c	7,379,586	
	2008-09	2009-10
Salary as per Income & Expenditure account	5,196,740	6,609,501
Incremental Salary in 2009-10 as per I & E A/c	1,412,761	

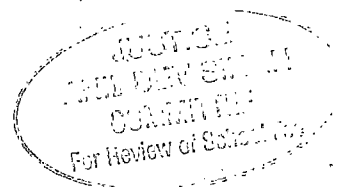
Development fee refundable, being treated as a revenue receipt

For the year 2009-10	442,750.00
For the year 2010-11	451,100.00
Total	893,850.00

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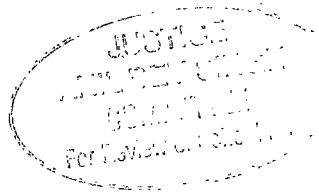
Oxford Public School, Nehru Nagar, New Delhi-110065 000167

Building Fee refundable being unauthorizedly charged at the time of admission	
For the year 2009-10	162,000.00
For the year 2010-11	<u>144,000.00</u>
Total	<u>306,000.00</u>
Total Amounts refundable:	
Excess tuition fee recovered for implementation of 6th CPC Report	1,698,817.00
Development fee for the years 2009-10 and 2010-11	893,850.00
Building fee for the years 2009-10 to 2010-11	<u>306,000.00</u>
Total Amounts refundable:	<u>2,898,667.00</u>

As is evident from the above calculation sheet, the Committee was, prima facie, of the view that the school had recovered tuition fee amounting to Rs. 16,98,817 in excess of its requirements for the purpose of implementation of VI Pay Commission report. This was worked out after allowing the school to retain funds to meet its accrued liabilities of gratuity, leave encashment and for reserve for future contingencies, equivalent to four months' salary. Besides, prima facie it appeared that the school may be required to refund a sum of Rs. 8,93,850 collected as development fee in 2009-10 and 2010-11 as the school was not fulfilling the pre conditions laid down by the Duggal Committee which were affirmed by the Hon'ble Supreme Court in the case of Modern School (supra). In addition, the Committee also noticed that the school had collected Building Fund to the tune of Rs. 3,06,000 which was in the nature of capitation fee which the school was forbidden from charging as per order dated 11/02/2009.

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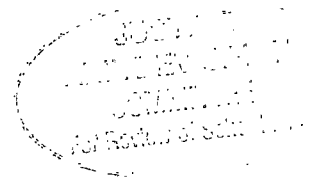
Oxford Public School, Nehru Nagar, New Delhi-110065

A copy of the calculation sheet was furnished to the school vide notice dated 23/06/2015. An opportunity was afforded to the school to have its say with regard to the preliminary calculation sheet prepared by the Committee.

The representatives of the school were heard on 20/07/2015 and they objected to the calculation sheet prepared by the Committee on the ground that

- (i) The Committee ought to have taken into consideration a sum of Rs. 7,96,000 paid in cash as arrear salary.
- (ii) A sum of Rs. 3,16,081 was paid as arrears to one Ms. Ruby Singh on 15/02/2012, at the time of her retirement. The same also ought to be considered.
- (iii) A sum of Rs. 4,06,464 was still payable as arrear salary and therefore ought to be considered in the calculations.
- (iv) The school had a loan liability of Rs. 2,19,32,860 as on 31/03/2009 in respect of loan taken for construction of building. Such liability also ought to be factored in.
- (v) the school has incurred capital expenditure on purchase of fixed assets and construction of building, amounting to Rs. 36,62,710 in 2008-09 and Rs. 94,19,823 in 2009-10, which ought to be considered.
- (vi) The increase in expenditure, other than salary, in the year 2009-10 also ought to be considered.

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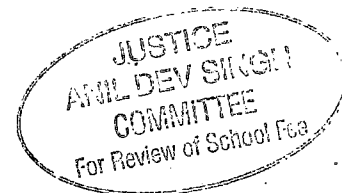
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As the school submitted that it would pay the balance arrears of **Rs. 4,06,464** shortly, the school was required to file documentary evidence of such payment within one week. Vide letter dated 27/07/2015, the school filed evidence of payment of this amount through bank transfer.

Discussion & Determination:

The Committee has considered the annual returns filed by the school under Rule 180 of Delhi School Education Rules, 1973, its audited financials, the reply to the questionnaire, the other information filed by the school and the submissions made during the course of hearing. The Committee notes that the school has not offered any justification for charging building fund from the new students. Charging of building fund at the time of admission amounts to charging capitation fee from the students. Such a charge is illegal in terms of various judgments of the Hon'ble Supreme Court. Further, as per order dated 11/02/2009, the schools are not supposed to charge anything over and above Rs. 200 as admission fee. **The recovery of building fund amounting to Rs. 3,06,000 in 2009-10 and 2010-11 is clearly illegal and ought to be refunded along with interest @ 9% per annum, irrespective of whether the school was in deficit or not after implementation of the recommendations of VI Pay Commission.**

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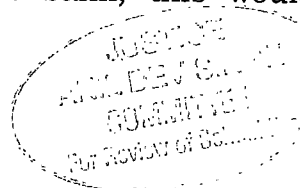

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Similarly, the school has not offered any explanation as to why development fee ought not to be refunded on account of non fulfillment of essential pre conditions laid down by the Hon'ble Supreme Court. **The Committee is therefore of the view that the school ought to refund the development fee amounting to Rs. 8,93,850 charged in the years 2009-10 and 2010-11 along with interest @ 9% per annum.**

So far as the contention of the school regarding payment of arrear salary in cash is concerned, the Committee, during the course of hearing had occasion to examine the mode of payment of regular salary to whom the payment of arrears is purported to have been made in cash. The Committee found that not only the regular salary was paid to them through banking channels, even a part of the arrears were also paid through banking channels. In the circumstances, the Committee is of the view that the payment shown in cash does not represent actual payment and therefore, no regard can be given to such purported payment.

With regard to the payment of balance arrears of Rs. 3,16,081 to Ms. Ruby Singh at the time of her retirement, the Committee finds that while submitting the information to it, the school itself had omitted to provide this information and hence the same was not taken into account. Now that the school has furnished the information along with proof of payment through bank, this would be duly

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factored in while making the final recommendations. Similarly, the payment of balance amount of arrears amounting to Rs. 4,06,464 to the staff would also be considered in the final determinations.

No regard can be given to the loan taken by the school from the bank for the construction of building nor for the capital expenditure incurred by the school in view of the judgment of the Hon'ble Supreme Court in the case of Modern School (Supra) that capital expenditure cannot form part of the fee structure of the students.

The increase in expenditure other than salary in the year 2009-10 can also not be considered as the school recovered fee under a number of new heads like activity fee, maintenance fee and assignment fee, which were created in the year 2009-10.

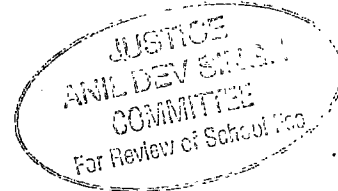
In view of the foregoing discussion, the Committee makes the final determinations as follows:

Particulars		Amount (Rs.)
Surplus determined as per preliminary calculation sheet		16,98,817
Less adjustments as per the above discussion:		
(a) Payment of balance arrears to Ms. Ruby Singh	3,16,081	
(b) Payment of balance arrears to other staff	<u>4,06,464</u>	7,22,545
Excess fee recovered		9,76,272

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Oxford Public School, Nehru Nagar, New Delhi-110065

The Committee is therefore of the view that the school ought to refund a sum of Rs. 9,76,272 out of the tuition fee hiked for the year 2009-10 along with interest @ 9% per annum.

Summary of Recommendations:

The school ought to refund the following amounts along with interest @ 9% per annum from the date of collection to the date of refund:

(a) Out of tuition fee hiked for 2009-10	Rs. 9,76,272
(b) Development fee charged in 2009-10 And 2010-11	Rs. 8,93,850
(c) Building Fund charged in 2009-10 and 2010-11	Rs. 3,06,000

Recommended accordingly.


Sd/-
CA J.S. Kochar
Member

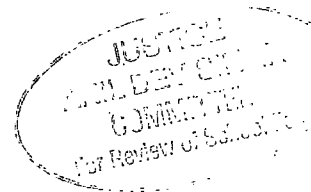
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated: 07/12/2015

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Secretary

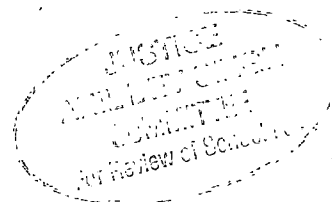


Sh.Daulat Ram Public Sr.Sec.School,Kamruddin Nagar,Delhi-41

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the schools 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.
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.
3. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.

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Sh.Daulat Ram Public Sr.Sec.School,Kamruddin Nagar,Delhi-41

4. With a view to verify the returns, the Office of the Committee vide its notice dated 10.01.2014 required the school to appear on 28.01.2014 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 a 28.01.2014, Mrs. Sunita Chadha, Vice Principal and Sh. Satish Gupta, Accountant of the school attended the office of the Committee and produced record. Reply to the questionnaire was also filed. As per the reply:-

- (i) The school had implemented the recommendations of the 6th Pay Commission w.e.f. 01.06.2009.
- (ii) The school had hiked the fee in terms of the order of the Director of Education dated 11.02.2009. w.e.f. 01.04.2009.
- (iii) The school had not collected development fee.

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: -

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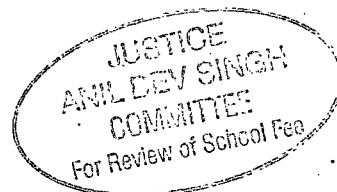
- (i) The school has claimed to have implemented the recommendations of the 6th Pay Commission w.e.f. 01.06.2009 but salary has not been paid as per the prescribed norms.
- (ii) The school hiked tuition fee in 2009-10 in terms of the order of the Director of Education dated 11.02.2009. During 2010-11, hike in fee was by Rs. 10%.
- (iii) The school has not collected development fee from the students.
- (iv) The school has claimed to have paid arrears of salary to the tune of Rs. 25,73,530/- in two instalments...
- (v) Salary and arrears of salary has been paid in cash.

The Audit Officer after examination of the original record produced by the school returned the same to the representatives of the school.

7. By notice dated 06.04.2015, the school was asked to appear on 20.04.2015 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 20.04.2015, Ms. Sunita Chadha, V.P., Ms. Shashi, PGT and

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Sh.Daulat Ram Public Sr.Sec.School,Kamruddin Nagar,Delhi-41

Sh. Satish Gupta, Accountant of the school appeared before the Committee and produced record. It was submitted that the school did not recover any arrear fee as envisaged in the order dated 11.02.2009 of the Director of Education. However, the regular tuition fee for the year 2009-10 was hiked in terms of the said order. The school claimed that it has paid arrear of salary in 2009-10 and 2010-11. On examination of the record by the Committee, it transpired that the arrear payment was made along with the monthly salary of February, 2010 and April, 2010. The monthly salary was partially paid by bank transfer and partially in cash. However, the entire payment of arrear salary, even to such staff members who were paid regular salary by bank transfer, was paid in cash. Moreover, while the school deducted TDS from the regular monthly salary, no tax was deducted from the arrear salary.

The representatives submitted that the school did not charge any development fee. As for gratuity and leave encashment, although the school has stated that these are not applicable to the school, the representatives sought time to discuss the issue with the management. The school was directed to file the necessary clarification and also details of salary paid by cash and by bank transfer in 2008-09 and 2009-10.

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9. By notice dated 22.06.2015 and subsequent reminder dated 08.07.2015 the school was provided another opportunity of hearing on 15.07.2015.

10. On 15.07.2015, Mrs. Sunita Chadha, Vice Principal, Mrs. Shashi, P.G.T. & Sh. Satish Gupta, Accountant of the school appeared before the Committee. They filed the information required vide order sheet dated 20.04.2015. On perusal of the record the Committee noted that a major component of salary was paid in cash every month during 2008-09 and 2009-10. The arrears of salary were also paid in cash.

Discussions and findings

11. We have gone through the record and submissions made by the representatives on behalf 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: -

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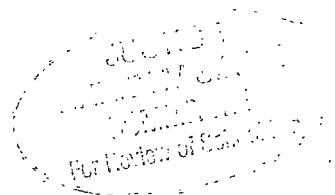
Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I	440	540	100	585	45
II	465	565	100	615	50
III	485	585	100	635	50
IV	510	710	200	770	60
V	600	800	200	870	70
VI	630	830	200	900	70
VII	680	880	200	955	75
VIII	730	930	200	1010	80
IX	865	1065	200	1210	145
X	950	1150	200	1310	160
XI (Sc)	1150	1450	300	1825	375
XI (Comm & Arts)	1050	1350	300	1465	115
XII(Sc)	1270	1570	300	1950	380
XII(Comm & Arts)	1150	1450	300	1575	125

12. From the above, it is obvious that the school had increased the fee during the year 2009-10, in terms of the order of the Director of Education dated 11/02/2009. However, during 2010-11, the hike was by 10%.

13. According to school it had implemented the recommendations of the 6th Pay Commission, but salary and arrears to the staff had been paid

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in cash. We find that many schools have taken this plea that they had implemented the recommendations of the 6th Pay Commission by showing payment of salary and/or arrears of salary to the teachers in cash or through bearer cheques. The stand of the school that it had implemented the recommendations of the 6th Pay Commission does not inspire confidence as there is no plausible and convincing reason, why the payments were not made by bank transfer or by account payee cheques. In the circumstances the stand of the school that it has implemented the recommendations of the 6th Pay Commission is a ruse and cannot be accepted.

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 the year 2009-10 in

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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.

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 from the date of its collection to the date of its refund.

Recommended accordingly.

Sd/-
J.S. Kochar
Member

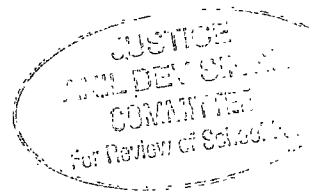
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated : 10.08.2015

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In order to elicit the relevant information from the schools to arrive at proper conclusions with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school). This is followed by a reminder dated 27/03/2012. However, the school did not respond to the same.

The returns filed by the school under Rule 180 were requisitioned from the concerned Dy. Director of Education. On prima facie examination of the returns of the school, it appeared that the school had implemented the recommendations of VI Pay Commission and also hiked the fee as per order dated 11/02/2009, issued by the Director of Education. Accordingly the school was placed in category 'B' for the purpose of verification.

As the school had not furnished the reply to the questionnaire issued by the Committee, a fresh revised questionnaire was issued to the school vide letter dated 09/07/2013. The same was responded to by the school vide letter dated 24/07/2013 in which it was inter alia mentioned that the school was not maintaining any separate account for "Development Charges" as no such guidelines were issued by the Directorate of Education. It was further mentioned as follows:

"We utilize the development charges collected from the students for various purposes such as construction and repair of school building,



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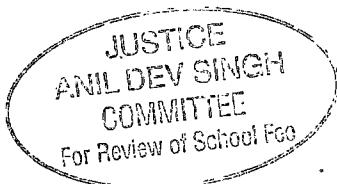
Dr. SRS Mission, Janak Puri, New Delhi-110058

fans and furniture etc. Only a month back, we purchased "Jhulas" for students costing over Rs. 1,39,275".

In response to the specific queries made by the Committee, the school stated that

- (i) It had implemented the recommendations of VI Pay Commission w.e.f. April 2009 and paid the arrear salary amounting to Rs. 19,33,204 in six instalments, starting from 03/11/2010 to 03/09/2012.
- (ii) It had hiked the fee in accordance with the order dated 11/02/2009 w.e.f. April 2009.
- (iii) Further it had collected a total sum of Rs. 11,35,490 as arrear fee for the period 01/01/2006 to 31/03/2009.
- (iv) The school introduced development fee w.e.f. 2007-08 and collected a total sum of Rs. 7,17,480 in 2007-08, Rs. 7,39,650 in 2008-09, Rs. 10,50,700 in 2009-10 and Rs. 14,29,170 in 2010-11, on this account.
- (v) The development fee was treated as a revenue receipt and no separate accounts for development charges or for depreciation reserve fund were maintained.

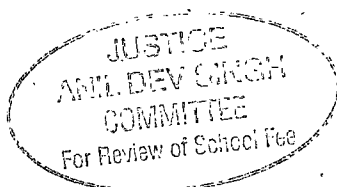
In the first instance, a calculation sheet was drawn up by the Chartered Accountants detailed with the Committee. They worked out that the school had ample funds of its own and did not need to hike the fee as per order dated 11/02/2009 in order to implement the



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recommendations of VI Pay Commission. However, on reviewing the same, the Committee observed that they had not provided for any funds to be kept in reserve for meeting the accrued liabilities of the school on account of gratuity and leave encashment nor provided for any contingency reserve to be maintained by the school. Further the Committee noticed that the CAs had prepared the fund position as on 31/03/2009, which obviously included the funds generated after the fee hike. The Committee is of the view that the funds position ought to have been worked out on the basis of the balance sheet as on 31/03/2008 which was the latest audited balance sheet before the fee hike.

The Committee issued a notice dated 27/04/2015, requiring the school to furnish the aggregate figures of arrear fee for different periods, regular tuition fee for 2008-09, 2009-10 and 2010-11, arrear salary and regular salary for these years, duly reconciled with the audited Income & Expenditure Account. The school was also required to furnish bank statements highlighting payment of salaries, the statement of account of the trust/ society running the school as appearing in its books, details of accrued liabilities, gratuity and leave encashment. The hearing was fixed for 07/05/2015. On this date, the school sought an adjournment. The school was directed to file the reply to the notice dated 27/04/2015, latest by 31/05/2015 and was advised that fresh hearing will be fixed thereafter. The school furnished its reply on 08/06/2015, which was not strictly in terms of

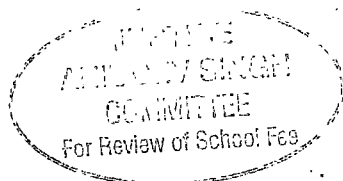


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the notice issued by the Committee. Fresh hearing was fixed for 16/07/2015 on which date Sh. R.K. Chitkara, Administrative Officer appeared with Sh. Anil Dhingra, Accountant and Sh. Kailash Chander Advisor. They were heard by the Committee. It was contended that the school had fully implemented the recommendations of the VI Pay Commission and paid the arrears fully. All payments were made by cheques. As for development fee, they conceded that the school treated the same as a revenue receipt and utilised for routine revenue expenses. Further no earmarked accounts were maintained for development fee. The Committee noticed that the information submitted by the school vide its letter dated 08/06/2015 with regard to development fee was at variance with the figures of development fee furnished by the school earlier in its reply to the questionnaire issued by the Committee. As per the information furnished vide letter dated 08/06/2015, the school started charging development fee from 2008-09 and not 2007-08 as informed earlier. The representatives contended that the amount recovered as development fee in 2008-09 was Rs. 7,44,720 collected yearly and Rs. 62,060 collected monthly thus totaling Rs. 8,06,780. Similarly in 2009-10, the amount collected yearly was Rs. 10,34,880 and monthly Rs. 86,240, aggregating Rs. 11,21,120. In 2010-11, the amount collected yearly was Rs. 14,37,600 while that collected monthly was Rs. 1,19,800, aggregating Rs. 15,57,400.



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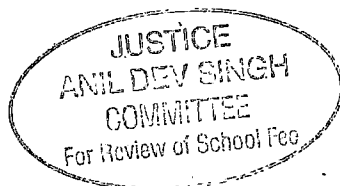

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However, the amount of development fee charged by the school as reflected in the audited Income & Expenditure Account tallied with neither the information given earlier nor with that given during the course of hearing. The amount that was received as development charges as per the audited financials was Rs. 7,39,650 in 2008-09, Rs. 10,50,700 in 2009-10 and Rs. 14,29,170 in 2010-11. The Committee considers the amount of development fee reflected in the audited financials as more accurate on account of its being authenticated by the auditors of the school.

The school was advised to furnish details of its accrued liabilities of gratuity and leave encashment as on 31/03/2008 and 31/03/2010. The same was also requisitioned vide notice of hearing dated 27/04/2015 but the school did not submit the same. Vide letter dated 02/09/2015, the school merely stated that one Mrs. Vandana Kaur, Asstt. Teacher was paid a gratuity of Rs. 1,25,000 on 15/03/2008. NO earned leave was due to her in the service book at the time of her resignation of service. However, the school did not submit its accrued liabilities of gratuity and leave encashment. The Committee presumes that the school had no such liabilities as inspite of two opportunities being given to the school, the school did not submit the same.

Based on the audited financials of the Senior school, Junior school and the information furnished by the school vide reply to the



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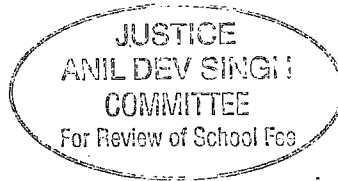
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questionnaire and also during the course of hearing, the Committee prepared the following preliminary calculation sheet:

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Statement showing Fund available as on 31-03-2008 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report				
	Particulars (Sr. Section + Jr. section)	Sr. School	Jr. School	Total
	<u>Current Assets</u>			
	Cash in hand	3,654	10,145	13,799
	Bank Balance	1,158,769		1,158,769
	Investments with accrued interest on FDRs	2,927,362	338,796	3,266,158
	Prepaid Insurance (Bus)	7,307	-	7,307
	TDS	36,626	-	36,626
	Advanced to Senior Section	(196,281)	196,281	-
	Total Current assets (A)	3,937,437	545,222	4,482,659
Less	<u>Current Liabilities</u>			
	Current Liabilities	-	-	-
	Total Current Liabilities (B)	-	-	-
	Net Current Assets + Investments (C=A-B)	3,937,437	545,222	4,482,659
Less	Arrear of Salary as per 6th CPC w.e.f. 01.01.06 to 31.03.2009*			1,840,204
	Incremental Salary as per 6th CPC from 01.04.09 to 31.03.2010			1,386,684
	Total (D)			3,226,888
	Excess / (Short) Fund Before Fee Hike (E=C-D)			1,255,771
Add	Tuition Fee Arrear for the period from 01.01.06 to 31.03.09*			1,496,670
	Incremental Tuition fee in 2009-10			1,491,145
	Total (F)			2,987,815
	Excess / (Short) Funds After Fee Hike (G=E+F)			4,243,586
Less	Funds to be kept in reserve for future contingencies equivalent to 4 months salary			2,045,460
	Excess / (Short) Funds (I=G-H)			2,198,126

* Consolidated figure given in respect of Jr. & Sr. Sections as accounts of Jr. and Sr. sections were merged in 2009-10

Regular Development fee as per Income & expenditure A/c refundable as treated as revenue receipt:

For the year 2009-10

1,050,700

For the year 2010-11

1,429,170

Total

2,479,870

Working Notes:

Sr.+Jr. School

2008-09

2009-10

Normal/ regular salary As per Income & Expenditure Account

4,749,697

6,136,381

Incremental salary 2009-10

1,386,684

Sr. + Jr. School

2008-09

2009-10

Regular/ Normal Tuition fee as per Income & Expenditure Account

4,874,460

6,365,605

Incremental tuition fee in 2009-10

1,491,145

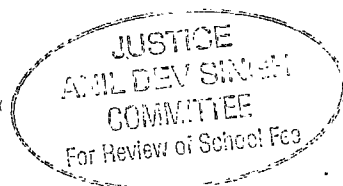


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It is apparent from the above calculation sheet that the school had available with it, a sum of Rs. 44,82,659 as on 31/03/2008. A sum of Rs. 20,45,460 was set aside by the Committee as reasonable reserve for future contingencies, based on expenditure on four months salary. The balance of Rs. 24,37,199 was available with the school for meeting its additional liabilities on account of implementation of VI Pay Commission. The total incremental liability of the school on implementation of VI Pay Commission was Rs. 32,26,888. Thus the school had a shortfall of Rs. 7,89,689 only which needed to be bridged by recovering arrear fee. The arrear fee actually recovered by the school was Rs. 14,96,670. Thus the school recovered arrear fee in excess of its requirements to the tune of Rs. 7,06,981. Not just that, the school also hiked the regular fee supposedly in accordance with order dated 11/02/2009, which resulted in an additional revenue of Rs. 14,91,145. In this manner, the school recovered a total sum of Rs. 21,98,126, in excess of its requirements. The Committee was of the prima facie view that the excess recovery effected by the school was not justified, as in terms of order dated 11/02/2009, the fee hike was not mandatory and had to be effected only if the school did not have sufficient funds of its own. Further, the Committee was of the prima facie view that since the school had treated development fee as revenue receipt and utilised the same also for routine revenue expenses without maintenance of any earmarked accounts for development fund, the school was not complying with the recommendations of Duggal Committee with regard to charging of development fee, its utilisation and maintenance of earmarked



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A handwritten signature in black ink, appearing to be "S. Singh", written over the word "Secretary".
Secretary

Dr. SRS Mission, Janak Puri, New Delhi-110058

development fund accounts, which were affirmed by the Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583. The same charged in the year 2009-10 and 2010-11, aggregating Rs. 24,79,870, in pursuance of order dated 11/02/2009 of the Director of Education, was contrary to the law laid down by the Hon'ble Supreme Court.

A fresh notice of hearing dated 02/11/2015 was issued to the school for providing it an opportunity to have its say in the matter alongwith a copy of the aforesaid calculation sheet. The hearing originally fixed for 28/11/2015 was postponed to 01/12/2015. On this date, Sh. R.K. Chitkara, Administrative Officer of the school appeared with Sh. K.C. Arora, Consultant of the school and filed a written submission dated 01/12/2015, vide which it was stated

"The financial details have been examined by office of your honour and thus certain observations have been transferred/forwarded to the school authority to compare it with the financial records maintained by the school. The account functionary of the school has compared the financial details given in the letter under reply. It seems that all the figures have been taken from the audited annual returns filed by the school for the year 2008-09 as well as 2009-10. In addition to that certain figures have been picked up from the replies and the details given therein are accepted and are included in this calculation sheet"



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In their oral submissions before the Committee, the representatives of the school submitted that the school accepts the calculation sheet prepared by the Committee.

Recommendations:

In view of the fact that the school has accepted the calculation sheet prepared by the Committee, the following recommendations are made:

- (i) The school ought to refund a sum of Rs. 7,06,981 out of the arrear fee recovered by the school.
- (ii) The school ought to refund the entire hike in regular fee effected in the year 2009-10, in pursuance of order dated 11/02/2009 issued by the Director of Education, which aggregates Rs. 14,91,145.
- (iii) The school ought to refund the development fee of Rs. 10,50,700 charged in 2009-10 and Rs. 14,29,170, charged in 2010-11 in pursuance of the aforesaid order dated 11/02/2009.

All the aforesaid refunds ought to be made 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

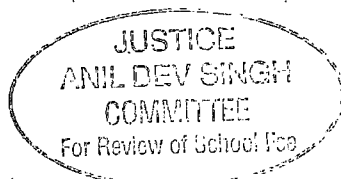
Sd/-

Dr. R.K. Sharma
Member

Dated: 30/12/2015

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Vishal Bharti School, Saraswati Vihar, Pitampura, Delhi-34

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the schools 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.
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.
3. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.

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4. With a view to verify the returns, the Office of the Committee vide its notice dated 09.05.2013 required the school to appear on 13.06.2013 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 13.06.2013, Sh. Ajit Singh, Manager of the school attended the office of the Committee and produced record. Reply to the questionnaire was also filed. As per the reply:-

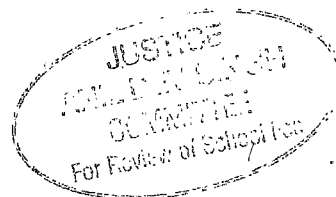
- (i) The school had implemented the recommendations of the 6th Pay Commission w.e.f. 01.09.2008.
- (ii) The school had hiked the fee in terms of the order of the Director of Education dated 11.02.2009. w.e.f. 01.04.2009.
- (iii) The school had collected development fee.

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 has claimed to have implemented the recommendations of the 6th Pay Commission, but DA has not been paid as per the prescribed norms.

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Vishal Bharti School, Saraswati Vihar, Pitampura, Delhi-34

- (ii) The school hiked tuition fee in 2009-10 in terms of the order of the Director of Education dated 11.02.2009. During 2010-11, hike in fee was by Rs. 10%.
- (iii) The school had collected development fee from the students.
- (iv) TDS had not been deducted from the salary of the staff.

The Audit Officer after examination of the original record produced by the school returned the same to the representatives of the school.

7. By notice dated 06.04.2015, the school was asked to appear on 20.04.2015 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 20.04.2015, Sh. Ajit Singh, Manager and Sh.R.A. Bansal, C.A. of the school appeared before the Committee but did not bring any record. The reply to the notice prepared by them was also incomplete and erroneous on the face of it. They sought some more time to file a proper reply. The request of the school was acceded to.

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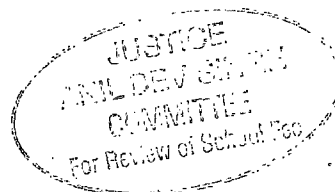
Vishal Bharti School, Saraswati Vihar, Pitampura, Delhi-34

9. The Committee vide notice dated 08.07.2015, asked the school to appear on 15.07.2015 along with entire record and for affording another opportunity of hearing to the school.

10. On 15.07.2015, Sh. Ajit Singh, Manager and Sh.R.A. Bansal, C.A. of the school appeared before the Committee and produced record. As per the record, the school had paid about Rs.23.50 lac as arrear salary. It was contended that provision for arrear salary was made in the books in 2008-09 but was actually paid in 2010-11. The school did not provide its books of accounts for the year 2010-11 for the purported reason that they were not available. Even the bank statements had not been provided. The representatives, however, conceded that the **entire payment of arrears was made in cash**. The Committee had examined the ledger for the years 2008-09 & 2009-10, which was provided by the school and found that, **even the regular monthly salary was paid in cash** in these years. **On query by the Committee, the manager of the school stated that till 2013-14 the regular salary continued to be paid in cash**. The school had filed reply to the questionnaire regarding development fee. As per the reply the school had charged development fee from the students but no separate earmarked development and

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Vishal Bharti School, Saraswati Vihar, Pitampura, Delhi-34

depreciation reserve fund were maintained and the same was treated as a revenue receipt.

Discussions and findings

11. We have gone through the record and submissions made by the representatives on behalf 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	750	950	200	1040	90
VI to VIII	825	1025	200	1125	100
IX & X	925	1125	200	1230	105

12. From the above, it is obvious that the school has increased the fee during the year 2009-10, in terms of the order of the Director of Education dated 11/02/2009. However, during 2010-11, the hike was by 10%.

13. According to school it had implemented the recommendations of the 6th Pay Commission, but salary and arrears to the staff has been paid

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Vishal Bharti School, Saraswati Vihar, Pitampura, Delhi-34

in cash. We find that many schools have taken this plea that they had implemented the recommendations of the 6th Pay Commission by showing payment of salary and/or arrears of salary to the teachers in cash or through bearer cheques. The stand of the school that it had implemented the recommendations of the 6th Pay Commission does not inspire confidence as there is no plausible and convincing reason, why the payments were not made by bank transfer or by account payee cheques. In the circumstances the stand of the school that it has implemented the recommendations of the 6th Pay Commission is a ruse and cannot be accepted.

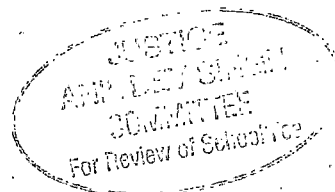
RECOMMENDATION

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 the year 2009-10 in

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Vishal Bharti School, Saraswati Vihar, Pitampura, Delhi-34

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.

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 from the date of its collection to the date of its refund.

Re. Development Fee.

The school has charged development fee from the students in the following manner;

<u>Year</u>	<u>Development Fee Charged</u>
2009-10	Rs. 1,78,589.00
2010-11	Rs. 33,235.00

The development fee has been treated as a revenue receipt and no separate depreciation reserve fund and development fund had been maintained.

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Vishal Bharti School, Saraswati Vihar, Pitampura, Delhi-34

In the circumstances, 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, the Development Fee charged by the school to the tune of Rs. 2,11,824.00 during the years 2009-10 and 2010-11 in the garb of the order of the Director of Education dated 11.02.2009 was not in accordance with law. This being so, the school ought to refund the aforesaid development fee 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

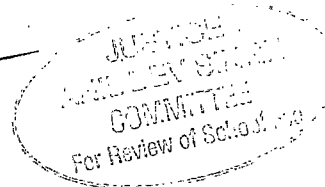
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated : 10.08.2015

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Secretary



1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the schools 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.
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.
3. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.
4. By notice dated 29.04.2015, the school was asked to appear on 25.05.2015 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.

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Secretary

Smt. Misri Devi Gyan Niketan, Najafgarh, New Delhi-43.

5. On 25.05.2015, Sh. Yogender Vats, authorized representative of the school appeared before the Committee and produced records. It was stated by the representative that :-

- i) The recommendations of the Sixth Pay Commission were implemented by the school w.e.f. December 2009 but it did not hike fee in terms of the order dated 11.02.2009 of the Director of Education.
- ii) The school neither recovered any arrear fee nor paid any arrear salary to the employees.
- iii) The school did not charge any development fee.

The Committee on examination of the record produced by the school has noticed that the salary to the staff was paid entirely through bearer cheques which were encashed on the same day. The representative conceded to this position.

6. We have gone through the record and submissions made by the representative on behalf 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	350	440	90	480	40
III & IV	360	450	90	520	70

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Secretary

Smt.Misri Devi Gyan Niketan, Najafgarh, New Delhi-43.

V & VI	450	540	90	590	50
VII & VIII	450	540	90	600	60
IX & X	650	800	150	900	100

7. From the above, it is manifest that the school had increased the fee during the year 2009-10. However, the hike in fee was lower than the upper limit prescribed by the order of Director of Education dated 11.02.2009. At the same time it was in excess of the tolerance limit of 10%. During the next year viz. 2010-11 the fee hike was marginally in excess of 10% for all classes except classes I & II.

8. According to school it has implemented the recommendations of the 6th Pay Commission. But it does not seem so. The salary to the staff was being paid through bearer cheques which were being encashed on the same date. The fact that the salary was paid through bearer cheques and all the cheques were encashed on a single date gives a lie to the plea of the school that it had implemented the recommendations of the 6th Pay Commission. Such a plea gives a lie to the stand of the school that it had implemented the recommendations of the 6th Pay Commission as there is no plausible and convincing reason, why the payment was not made by bank transfer or by account payee cheques. Therefore, in our view the school has not implemented the recommendations of the Sixth Pay Commission.

9. As per record the school has not charged development fee.

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Smt.Misri Devi Gyan Niketan, Najafgarh, New Delhi-43.

RECOMMENDATION

Re. Fee Hike

Since the school has hiked the tuition fee in 2009-10, in excess of the tolerance limit of 10%, without implementing the recommendations of 6th Pay Commission, we are of the view that the increase in fee, in excess 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.

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, for above mentioned classes, 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 : 01.08.2015

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Secretary

RCCE Public School, Chandan Hulla, New Delhi-110074

In order to elicit the relevant information from the schools to arrive at proper conclusions with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school).

In response to the aforesaid questionnaire, the school submitted its reply by email dated 29/02/2012. It was stated as follows:

- (a) It had implemented the recommendations of Vith Pay Commission and the increased salary to the staff were being paid w.e.f. 01/03/2009.
- (b) It had hiked the fee in pursuance of order dated 11/02/2009 issued by the Director of Education w.e.f. 01/03/2009.
- (c) Arrear of fee was charged @ Rs. 800 per student.

Although, the school stated that certain annexures were enclosed with the reply, no such annexures were found to have been enclosed.

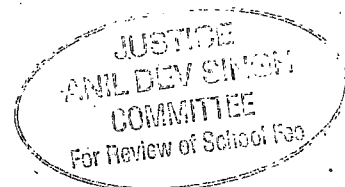
The school furnished the details of pre hike and post hike fee for different classes as follows:

Class	Tuition Fee (Pre hike) (Rs.)	Tuition Fee (Post hike) (Rs.)	*Monthly hike (Rs.)	*Percentage of fee hike
Nursery & KG	275	325	50	18.18%
I to III	310	370	60	19.35%
IV & V	330	400	70	21.21%
VI & VII	350	450	100	28.57%
VIII	400	550	150	37.50%
IX	500	650	150	30.00%
X	550	750	200	36.36%

*derived by the Committee

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RCCE Public School, Chandan Hulla, New Delhi-110074


Copies of the Annual returns filed by the school under rule 180 of Delhi School Education Rules 1973, were received from the office of the concerned Dy. Director of Education.

The relevant calculations to examine the justifiability of fee hike were, in the first instance, prepared by the Chartered Accountants detailed with the Committee (CAs). However, the Committee felt that the factum of implementation of the recommendation of VI Pay Commission could not be tested without verifying the facts from the records of the school as the level of fee charged by the school and the state of its audited financials did not inspire confidence.

Accordingly, the Committee issued a notice dated 10/01/2014, requiring the school to produce on 10/02/2014, its fee receipts, fee registers, cash book and ledgers, bank statements, salary register, provident fund and TDS returns. A questionnaire seeking relevant information regarding charging and utilisation of development fee as well as maintenance of earmarked development fund and depreciation reserve fund was also issued.

On the aforesaid date, Sh. Bishesha Nand, Manager of the school appeared for verification of records. He also filed a reply to the questionnaire contending that the school had charged development fee amounting to Rs. 5,89,600 in 2009-10 and Rs. 6,35,600 in 2010-11. The same was treated as a revenue receipt but the school was not maintaining any earmarked development fund for the reason that the

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RCCE Public School, Chandan Hulla, New Delhi-110074 000205

development fee was entirely spent, partly on acquisition of fixed assets and the balance on payment of salaries.

The records produced by the school were verified by Sh. N.S. Batra, audit officer of the Committee and he endorsed the information furnished by the school with regard to the pre hike and post hike fee charged by the school. He further recorded that the fee hiked by the school in the year 2009-10 was around 10%.

With regard to implementation of VI Pay Commission, he mentioned that it had been partially implemented w.e.f. March 2009 but the transport allowance had not been paid. However, he did not verify the mode of payment of salary i.e. whether it was paid in cash or by bearer cheques or by account payee cheques. Further no mention was made about the payment of arrears of salary.

The Committee issued a notice dated 06/04/2015 fixing the hearing of the school on 21/04/2015 and also required the school to furnish the aggregate figures of arrear fee for different periods, regular tuition fee for 2008-09, 2009-10 and 2010-11, arrear salary and regular salary for these years, duly reconciled with the audited Income & Expenditure Account. The school was also required to furnish bank statements highlighting the entries relating to payment of salaries, the statement of account of the trust/ society running the school as appearing in its books, details of accrued liabilities, gratuity and leave encashment.

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RCCE Public School, Chandan Hulla, New Delhi-110074000206

On the scheduled date of hearing, Sh. Bishesha Nand, Manager of the school, Sh. G.K. Bali, Member of the Managing Committee and Sh. Santosh Kumar, LDC of the school appeared. They filed written submissions dated 21/04/2015 and contended as follows:

- (a) The school is located in an unauthorized colony in a village in Delhi which is inhabited by people of low income group and as such the school is charging very low levels of fee.
- (b) The school had not hiked the fee to the full extent as per mitted by order dated 11/02/2009. The hike effected for different classes was as follows:
 - (i) For classes Nursery to V, the school could have hiked the fee by Rs. 100 but the hike effected by it was between Rs. 50 and Rs. 70 in the year 2009-10. Further for classes Nursery to KG, the school had not hiked any fee in the year 2008-09. For classes IV & V, the hike effected in the year 2008-09 was to the tune of 6% only.
 - (ii) For classes VI to VIII, although the school increased the fee by Rs. 100 per month in the year 2009-10, this has to be viewed in the backdrop of a reduction in fee for these classes in the year 2008-09 when the same was reduced by Rs. 90 per month and for class VIII, the same was reduced by Rs. 40 per month.
 - (iii) Only for classes IX & X, the fee was increased as per order dated 11/02/2009 but for these classes, the school did not effect any fee hike in 2010-11.

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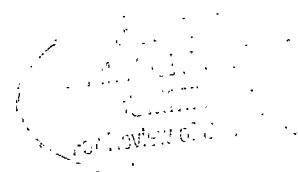

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RCCE Public School, Chandan Hulla, New Delhi-110074

- (c) The salary paid by the school even as per the scales of V Pay Commission were never fully covered by the tuition fee charged by the school.
- (d) The school recovered an arrear fee of Rs. 8,71,085. Further the total collection of regular tuition fee of the school rose from Rs. 75,14,109 in 2008-09 to Rs. 1,06,45,108 in 2009-10.
- (e) The school paid arrear salary amounting to Rs. 16,83,341 spread over the years 2008-09 and 2009-10. Further the regular salary for the year 2008-09 was Rs. 80,78,504 which rose to Rs. 1,28,57,572 in 2009-10 on account of implementation of the recommendations of VI Pay Commission.
- (f) The school had accrued liability for gratuity to the tune of Rs. 8,60,045 as on 31/03/2010 and for leave encashment to the tune of Rs. 6,00,144.

During the course of hearing, the Committee examined the details of arrears of salary claimed to have been paid by the school. It observed that the school claimed to have paid Rs. 9,72,459 as arrears in 2008-09 and Rs. 7,10,862 in 2009-10, thus totaling Rs. 16,83,321. However, on totaling the amount paid as arrears in the payment sheet, the total worked out to Rs. 22,12,173. Further, the ledger produced by the school showed an arrear payment of Rs. 8,99,476 in 2008-09 as against Rs. 9,72,459 claimed by the school. Further, the Committee observed that the entire payment of arrear salary was purportedly made in cash, even though the school maintains two bank accounts. The Committee also observed that even the regular salary was paid in cash in 2009-10

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RCCE Public School, Chandan Hulla, New Delhi-110074

despite the salaries having gone up substantially on account of implementation of VI Pay Commission report. The representatives of the school conceded that the same continued to be paid in cash even till 2012-13.

Discussion:

1. Tuition Fee:

The Committee has examined the audited financials of the school, the reply submitted by it to the questionnaire issued by the Committee, the observations of the audit officer, the submissions made by the school and the information furnished during the course of hearing before the Committee. The Committee is not at all convinced with the claim of the school that it implemented the recommendations of the VI Pay Commission or paid any arrears of salary. This is on account of the fact that the amounts of arrears paid to the staff as well as the regular salary after implementation of VI Pay Commission report are very substantial and payment thereof in cash does not inspire any confidence nor is amenable to verification. Only meager amount of tax has been deducted from the salaries of a small number of employees. Further, there are huge discrepancies in the amounts shown to have been paid as arrears with those recorded in the books of accounts. Hence the Committee will proceed on the basis that the school had not implemented the recommendations of VI Pay Commission.

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RCCE Public School, Chandan Hulla, New Delhi-110074

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The next question to be determined by the Committee is whether the fee hiked by the school pursuant to order dated 11/02/2009 was justified or not.

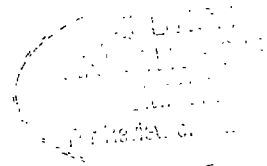
So far as the recovery of **Rs. 8,71,085** as arrear fee is concerned, the same was clearly unjustified as the finding of the Committee is that the school did not pay any arrear salary to the staff.

So far as hike in regular fee is concerned, the Committee is of the view that the same does not call for any interference in light of the peculiar facts of the case as for some classes, although the hike was more than 10%, when viewed in the context of no hike in the prior year or the subsequent year, the Committee does not find the hike to be excessive. In fact, in some of the classes there was actually a reduction in fee in the prior year.

2. Development Fee:

So far as development fee is concerned, the school was admittedly not fulfilling any of the pre conditions laid down 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 school was treating development fee as a revenue receipt and not maintaining any earmarked accounts for development fund or depreciation reserve fund. In the circumstances, the Committee is of the view that the development fee of Rs. 5,89,600 charged by the school in 2009-10 and Rs. 6,35,600 in 2010-11 was unjustified.

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RCCE Public School, Chandan Hulla, New Delhi-110074

Recommendations:

In view of the foregoing discussion the Committee makes the following recommendations:

- (i) The school ought to refund a sum of Rs. 8,71,085 recovered as arrear fee along with interest @ 9% per annum from the date of collection to the date of refund.
- (ii) The school ought to refund the development fee of Rs. 5,89,600 charged in 2009-10 and Rs. 6,35,600 charged in 2010-11 along with interest @ 9% per annum from the date of collection to the date of refund.

Sd/-
CA J.S. Kochar
Member

Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated: 28/08/2015

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Secretary



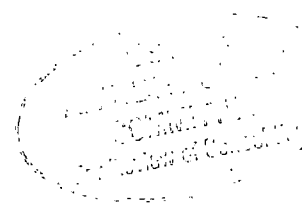
Little Flowers Public School Vijay Park, Yamuna Vihar, Delhi-110053

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the schools 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.
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.
3. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.
4. By notice dated 29.04.2015, the school was asked to appear on 26.05.2015 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.

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Little Flowers Public School Vijay Park, Yamuna Vihar, Delhi-110053

5. On 26.05.2015, Ms. Vimmi Jain, Headmistress and Ms. Akshita Jain, Accountant of the school appeared before the Committee and produced records. They contended that the school did not charge any arrear fee but had paid a sum of Rs. 3,57,300/- as arrear salary out of its own resources. The school hiked the fee w.e.f. 01.04.2009 as per the order of the Director of Education dated 11.02.2009. The school introduced development fee for the first time w.e.f. 01.04.2009. The total collection on this account was Rs. 16,78,300 in 2009-10 and Rs. 22,57,190 in 2010-11. The development fee was treated as revenue receipt and utilized for meeting routine revenue expenses. No earmarked funds were maintained for development and depreciation reserve. With regard to implementation of the recommendations of the Sixth Pay Commission, the representatives contended that the same were implemented partially w.e.f. 01.04.2009.

The Committee has observed that the salary and arrear of salary were paid in cash.

6. 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: -

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Little Flowers Public School Vijay Park, Yamuna Vihar, Delhi-110053

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	850	1150	300	1160	10
III	850	1200	350	1180	-20
IV	870	1200	330	1180	-20
V	870	1220	350	1190	-10
VI	880	1220	340	1190	-30
VII & VIII	880	1230	350	1190	-40

7. From the above, it is manifest that the school has increased the fee during the year 2009-10, in excess of the prescribed limit of the order of the Director of Education, dated 11.2.2009 for all classes. During 2010-11, fee was reduced by Rs.10/- to 40/- for classes III to VIII, but hiked by Rs.10/- for classes I and II.

8. According to school it has implemented the recommendations of the 6th Pay Commission. The salary and arrears of salary have been paid in cash. We find the many schools have taken this plea that they had implemented the recommendations of the 6th Pay Commission by paying the salary/arrears of salary to the teachers in cash/bearer cheques.

Such a plea is not acceptable as there is no plausible and convincing reason, why the payment was not made by bank transfer or by account payee cheques. Therefore, in the opinion of the Committee, school did not implement the recommendations of the Sixth Pay Commission.

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Little Flowers Public School Vijay Park, Yamuna Vihar, Delhi-110053**RECOMMENDATIONS****Re. Fee Hike**

Since the school had hiked the tuition fee in 2009-10 in excess of the limit prescribed by the order of the Director of Education, dated 11.2.2009 and that too 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.

Re. Development Fee.

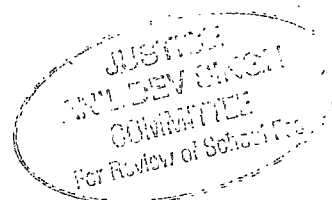
The school has charged development from the students in the following manner :

<u>Year</u>	<u>Development Fee Charged</u>
2009-10	Rs. 16,78,300.00
2010-11	Rs. 22,57,190.00

The development fee has been treated as a revenue receipt and had been utilized for incurring revenue expenses and no separate depreciation reserve fund and development fund had been maintained.

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Little Flowers Public School Vijay Park, Yamuna Vihar, Delhi-110053

In the circumstances, 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, the Development Fee charged by the school to the tune of Rs. 39,35,490.00 during the years 2009-10 and 2010-11 in the garb of the order of the Director of Education dated 11.02.2009 was not in accordance with law. This being so, the school ought to refund the aforesaid development fee 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

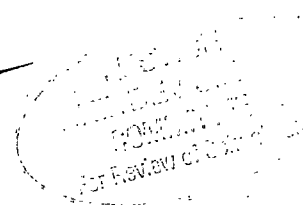
Sd/-

Dr. R.K. Sharma
Member

Dated : 01.08.2015

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Secretary

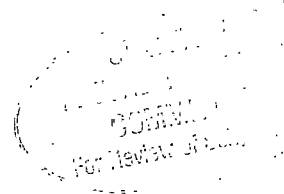


Adarsh Vidya Niketan Public School, Maujpur, Delhi-53

1. The school did not respond to the questionnaire issued by the Committee on 27.02.2012 within the specified time. 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.
2. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.
3. In order to give an opportunity of being heard to the school, the Committee issued notice dated 23.06.2015 to the school for hearing on 20.07.2015. The notice required the school to furnish the information regarding fee and salaries in a structured format, duly reconciled with the income and expenditure accounts. The notice also required the school to furnish details of accrued liabilities of gratuity/leave encashment, if applicable to the school, statements of account of the parent society as appearing in the books of the school, bank statements

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Adarsh Vidya Niketan Public School, Maujpur, Delhi-53

highlighting the payments of arrear salary, copy of circular issued to the parents regarding enhancement of fee. A revised questionnaire containing specific queries regarding development fee and maintenance of earmarked development fund and depreciation reserve fund was also issued to the school.

4. On 20.07.2015, Sh. Samlesh Kumar Singh, President of the society, Sh. Pradeep Kumar Arora, Manager & Ms. Poornima Asst. Teacher of the school appeared before the Committee and produced record. Reply to the revised questionnaire was also submitted. As per the reply ;-

- i) The school had implemented the recommendations of the 6th. Pay Commission w.e.f. 01.04.2009.
- ii) The tuition fee had been hiked as per the order of the Director of Education dated 11.02.2009 w.e.f. April, 2009.
- iii) The school did not collect development fee from the students.
- iv) The school neither collected arrear of fee nor arrear of salary was paid to the staff.

During the course of hearing the representatives of the school contended that the recommendations of the Sixth Pay Commission were implemented prospectively w.e.f. 01.04.2009. However, the school neither paid arrear of salary to the teachers nor arrear fee was collected

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Adarsh Vidya Niketan Public School, Maujpur, Delhi-53

from the students. With regard to hike in tuition fee, they had stated that the same was raised by Rs.100 p.m. i.e. from Rs. 450 p.m. to Rs.550 p.m. w.e.f. 01.04.2009, in terms of the order dated 11.02.2009 of the Director of Education. In 2010-11 the fee was hiked to the extent of 10% only.

The Committee had examined the salary records and books of accounts of the school. It was observed that the school paid salaries in cash even after purported implementation of the recommendations of the Sixth Pay Commission. Further, the school did not deduct any TDS. Representatives also conceded that even now the salary to the staff is being paid in cash. Further, the Committee observed that every month the school shows 2 to 3 teachers as on leave without pay.

The representatives also submitted that the school did not charge any development fee.

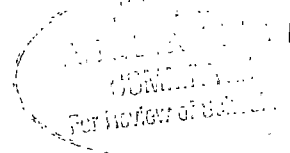
Discussions and findings

5. 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: -

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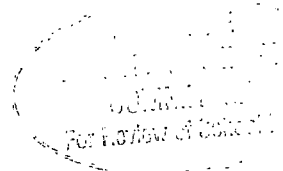
Adarsh Vidya Niketan Public School, Maujpur, Delhi-53

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 VIII	450	550	100	600	50

6. From the above, it is obvious that the school had increased the fee during the year 2009-10, in terms of the order of the Director of Education dated 11/02/2009. However, during 2010-11, the hike was by 10%.
7. According to school it has implemented the recommendations of the 6th Pay Commission, but salary to the staff has been paid in cash. Therefore, the stand of the school that it had implemented the recommendations of the 6th Pay Commission does not inspire confidence as there is no plausible and convincing reason, why the payments were not made by bank transfer or by account payee cheques. Besides the school has been showing 2 to 3 teachers on leave without pay every month. In the circumstances the stand of the school that it has implemented the recommendations of the 6th Pay Commission is a ruse and cannot be accepted.
8. As per record the school has not charged development fee from the students.

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Adarsh Vidya Niketan Public School, Maujpur, Delhi-53**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 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.

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 from the date of its collection to the date of its refund.

Recommended accordingly

Sd/-
J.S. Kochar
Member

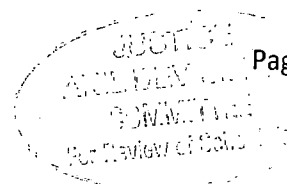
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated 04.09.2015

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Canterbury Model Public School, Vijay Park, Maujpur, Delhi-53

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the schools 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.
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.
3. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. 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 10.01.2014, required the school to appear on 07.02.2014 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.

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Canterbury Model Public School, Vijay Park, Maujpur, Delhi-53

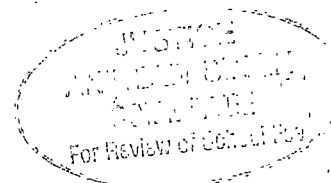
5. On 07.02.2014 Sh. K.C. Gupta, President of Management Committee and Sh. Sanjay Garg, C.A. of the school attended the Office of the Committee and produced the record for the scrutiny by the Audit Officer of the Committee. Reply to the questionnaire was also filed. As per the reply;-

- (i) The school had implemented the recommendations of the 6th Pay Commission w.e.f. 01.04.2009.
- (ii) The school had hiked the fee in terms of the order of the Director of Education dated 11.02.2009, w.e.f. 01.04.2009.
- (iii) The school had neither collected arrear fee from the students nor paid arrear salary to the staff.

6. The record, in the first instance, was examined by Mrs. Sunita Nautiyal, Audit Officer of the Committee. She observed to the effect that:-

- (i) The school has claimed to have implemented the recommendations of the 6th Pay Commission.
- (ii) The school hiked 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 by 10%.
- (iii) The salary to the staff has been paid partly in cash and partly through bank transfer.

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Canterbury Model Public School, Vijay Park, Maujpur, Delhi-53

(iv) The school has charged development fee from the students.

The Audit Officer after examination of the record produced by the school returned the same to the representative of the school.

7. By notice dated 06.04.2015, the school was asked to appear on 21.04.2015 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 it.

8 On 21.04.2015, Sh. K.C. Gupta, Chairman Managing Committee, Sh. Sanjay Gupta, CA, Ms. Poonam Sharma, Account Asstt. and Sh. Neeraj Gupta, Treasurer of the Society appeared before the Committee and produced the record. The representatives of the school submitted that the school had neither collected any arrear fee nor paid any arrears of salary. However, the recommendations of the 6th Pay Commission were prospectively implemented w.e.f. 01.04.2009. The Committee on examination of the books of accounts of the school found that the salary was paid, partly by bank transfer and partly in cash in 2008-09. In 2009-10 also, the same pattern was repeated. However, prima facie, it appeared that the cash component of the total salary expenditure went up as compared to 2008-09. In 2010-11, the entire salary for the whole year was apparently paid in cash.

With regard to fee hike, it was submitted by the representatives of school that the hike in 2009-10 was in accordance with the order dated 11-02-2009 issued by the Director of Education. In 2010-11, the hike was limited to 10%.

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Canterbury Model Public School, Vijay Park, Maujpur, Delhi-53

With regard to development fee, it was contended that the same was treated as revenue receipt, and was utilized mainly for meeting revenue expenditure like salaries and repair of school building etc.

The school was asked to furnish details of salary expenditure incurred in cash and through bank, month wise for the years 2008-09 to 2010-11.

9. The school was provided another opportunity of hearing on 08.07.2015, vide Committee's notice dated 22.06.2015. Sh. K.C. Gupta, Chairman of the Managing Committee, Ms. Poonam Sharma, Accountant and Sh. Neeraj Gupta, Treasurer of the Society appeared before the Committee on the schedule date. They furnished the detailed break up of salary paid through cheque and cash. The Committee observed that the component of cash payment of salary was quite high in 2008-09 and 2009-10. In 2010-11, almost the entire salary was paid in cash. The representatives of the school contended that there was no bank in the vicinity of the school and for that reason the teachers desired payment of salary in cash.

10. We have gone through the record, observations of the Audit Officer of the Committee and the submissions made by the representatives on behalf 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: -

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Canterbury Model Public School, Vijay Park, Maujpur, Delhi-53

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	620	800	180	890	90
IV & V	590	800	210	890	90
VI to VIII	630	810	180	900	90

10. From the above, it is manifest that the school has increased the fee during the year 2009-10, in terms of the order of the Director of Education dated 11.2.2009. During 2010-11, there was hike by 10% for all classes.

11. According to school it has implemented the recommendations of the 6th Pay Commission. The salary has been paid in cash. We find the many schools have taken this plea that they had implemented the recommendations of the 6th Pay Commission by paying the salary/arrears of salary to the teachers in cash/bearer cheques. Such a plea is not acceptable as there is no plausible and convincing reason, why the payment was not made by bank transfer or by account payee cheques. Therefore, in the opinion of the Committee, school did not implement the recommendations of the Sixth Pay Commission.

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Canterbury Model Public School, Vijay Park, Maujpur, Delhi-53**RECOMMENDATION****Re. Fee Hike**

Since the school has hiked the tuition fee in 2009-10, in terms of the order of the Director of Education, 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.

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, for above mentioned classes, ought also to be refunded along with interest @9% per annum from the date of its collection to the date of its refund.

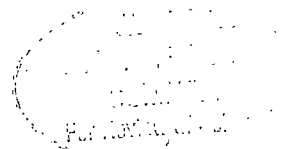
Re. Development Fee.

The school has charged development fee in the following manner.

<u>Year</u>	<u>Development fee charged</u>
2009-10	Rs. 4,12,820.00
2010-11	Rs. 4,45,130.00

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Canterbury Model Public School, Vijay Park, Maujpur, Delhi-53

As per record the development fee had been treated as revenue receipt and no separate depreciation reserve fund and development fund were maintained.

In the circumstances, 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, the Development Fee charged by the school to the tune of Rs. 8,57,950.00 during the years 2009-10 and 2010-11 in the garb of the order of the Director of Education dated 11.02.2009 was not in accordance with law. This being so, the school ought to refund the aforesaid development fee 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 : 01.08.2015

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**Blooming Dales Public School, Rajendra Park, Nangloi, Delhi-
110041**

Initially the school did not submit any reply to the questionnaire dated 27/02/2012 issued by the Committee. The annual returns of the school filed u/r 180 of Delhi School Education Rules 1973 were requisitioned from the office of the concerned Dy. Director of Education. On prima facie examination of the returns filed by the school, it appeared that the school had not hiked the fee as per order dated 11/02/2009 issued by the Director of Education. Hence initially, it was placed in category 'C' for the purpose of verification.

In order to verify the aforesaid returns, the Committee issued a letter dated 15/05/2012 to the school, requiring it to produce in its office on 06/06/2012, the fee records, salary records, books of accounts and bank statements. A copy of the questionnaire dated 27/02/2012 was also furnished to the school for its response.

On the scheduled date Ms. Anjali Gupta, Vice Principal of the school appeared. She furnished reply to the questionnaire and also produced the required records. The records produced by the school were examined by Ms. Sunita Nautiyal, audit officer of the Committee.

In its reply to the questionnaire, the school stated that:

- (a) It had implemented the recommendations of Sixth Pay Commission w.e.f. July 2009. (In support copies of salary registers for the months of June 2009 and July 2009 were enclosed).
- (b) It had paid arrears to the staff for the period 01/09/2008 to 30/06/2009 in four tranches i.e Rs. 4,08,195 on 07/04/2009, Rs.

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**Blooming Dales Public School, Rajendra Park, Nangloi, Delhi-
110041**

3,72,456 on 05/04/2010, Rs. 2,66,459 on 21/01/2011 and Rs. 2,61,005 on 03/04/2011.

- (c) It hiked the tuition fee w.e.f. 01/04/2009 in accordance with order dated 11/02/2009 issued by the Director of Education (The details of fee charged from the students of different classes in 2008-09 and 2009-10 were enclosed).
- (d) The arrear fee was recovered from the students of classes IX & X only and that too in 12 months from 01/04/2009 to 31/03/2010. The total recovery on this account was Rs. 76,200.


After examining the records produced by the school the audit officer observed as follows:

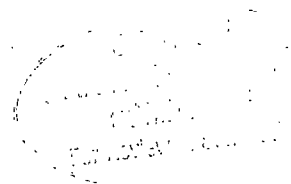
- (a) The school had hiked the tuition fee by Rs. 50 per month to Rs. 200 per month for different classes in 2009-10 and such hike was of the order of 12.5% to 36.36%. In 2010-11, the hike was to the tune of Rs. 50 per month to Rs. 90 per month.
- (b) The financials of the school were in agreement with its books of accounts.

As the school stated that it had implemented the recommendations of VI Pay Commission and also hiked the fee as per order dated 11/02/2009, the category of the school was changed to 'B'.

Before proceeding further, it would be apposite to give the fee charged by the school from students of different classes, before and after the hike. The same is given below in the form of a chart.

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**Blooming Dales Public School, Rajendra Park, Nangloi, Delhi-
110041**

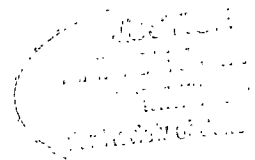
Class	Monthly Tuition Fee during 2008-09 (Rs.)	Monthly Tuition Fee during 2009-10 (Rs.)	Increase in 2009-10 (Rs.)
I	400	450	50
II	440	500	60
III	460	550	90
IV	480	600	120
V	500	650	150
VI	530	700	170
VII	550	750	200
VIII	600	800	200
IX & X	660	860	200

It is evident that while for classes I to III, the fee hike effected by the school was less than the maximum amount by which it could have hiked, for classes IV and V, it was more than even the maximum amount by which the school could have hiked as per order dated 11/02/2009.

In order to give an opportunity of being heard to the school, the Committee issued a notice dated 29/06/2015 to the school for hearing on 31/07/2015. The notice required the school to furnish the information regarding fee and salaries in a structured format, duly reconciled with the Income & Expenditure accounts. The notice also required the school to furnish details of accrued liabilities of gratuity/leave encashment, if applicable to the school, statements of account of the parent society as appearing in the books of the school, bank statements highlighting the payments of arrear salary, copy of circular issued to the parents. A questionnaire containing specific queries regarding development fee and maintenance of earmarked development fund and depreciation reserve fund was also issued to the school.

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Blooming Dales Public School, Rajendra Park, Nangloi, Delhi-110041

In response to the notice, Sh. B.D. Dabas, Secretary of the parent society and Ms. Urmila Devi, Principal of the school appeared and filed reply dated 31/07/2015, giving the information of fee and salary, as required by the Committee. The information so furnished, is as follows:-

Fee	2008-09	2009-10	2010-11
Arrear fee for the period from 01.01.2006 to 31.08.2008	0	0	0
Arrear fee (Tuition fee) for the period from 01.09.2008 to 31.03.2009	0	0	0
Arrear fee (Development fee) for the period from 01.09.2008 to 31.03.2009	0	0	0
Regular/ Normal Tuition Fee	37,96,080	57,49,448	68,13,680
Regular/Normal Development Fee received for the year (if treated as a revenue receipt)	41,600	34,100	1,40,000
Salary			
Arrear Salary for 01.01.2006 to 31.08.2008	0	0	0
Arrear Salary for 01.09.2008 to 31.03.2009	0	4,08,195	8,99,920
Regular/ Normal Salary	34,35,228	53,61,245	64,85,821

The school also furnished the detail of its accrued liability of gratuity amounting to Rs. 2,38,686 on 31/03/2008 and Rs. 5,66,604 on 31/03/2010. The corresponding figures for accrued liability of leave encashment were Rs. 1,73,179 and Rs. 4,49,937 respectively.

The school also furnished reply to the questionnaire regarding development fee in which it conceded that the development fee was treated as revenue receipt and no earmarked development fund or depreciation reserve fund were maintained.

The representatives of the school were heard by the Committee. They contended that the school did not recover any arrear fee but paid arrear salary to the staff. They further stated that the school paid the regular salary

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Blooming Dales Public School, Rajendra Park, Nangloi, Delhi-
110041

by cheques. However, they could not point out the payment of arrear salary from the bank statements produced by them. They stated that the arrear salary was paid in cash. When a question was raised by the Committee that how the school was able to pay the arrear salary without recovering any arrear fee. They contended that it was made possible by employing lesser number of teachers than the norms provide.

Discussion:

1. Tuition Fee:

The Committee has perused the annual returns filed by the school, its reply to the questionnaire issued by it, the observations of the audit officer of the Committee, the salary records and books of accounts produced by the school during the course of hearing as also the other documents filed by it.

The Committee notes that during the course of hearing when the school was required to produce its books of accounts, the school contradicted its earlier stand of having recovered the arrear fee. In reply to the questionnaire, the school had in fact given details of arrear fee charged from the students of class IX & X. The aggregate collection on this account was stated to be Rs. 76,200.

With regard to payment of arrear salary also, the Committee is not at all impressed by the contention of the school that the same was paid in cash when the regular salary of the staff is paid by cheques.

As regards the hike in salary w.e.f. 01/07/2009 also, the representatives of the school let the cat out of the bag by stating that the

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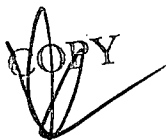
**Blooming Dales Public School, Rajendra Park, Nangloi, Delhi-
110041**

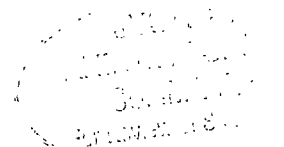
implementation of VI Pay Commission report was possible by employing lesser number of teachers than the norms prescribed. This is a usual practice which the Committee has come across during the course of its hearings of other schools also that the implementation is shown by either showing the staff as on leave without pay for a considerable period or by showing lesser number of teachers on rolls than actually employed. The salary paid to the teachers shown on rolls is shown at a higher amount. The excess amount is taken back in cash and paid to the teachers who are not shown on rolls. This is one of many ingenious practices which the Committee has come across.

The Committee is therefore of the view that the school neither paid any arrear salary nor implemented the recommendations of VI Pay Commission prospectively. But at the same time it took advantage of the order dated 11/02/2009 issued by the Director of Education permitting the schools to hike the tuition fee upto a certain amount. The Committee is therefore of the view that the school ought to refund the total amount of arrear fee recovered by it from the students of classes IX & X, which it itself admitted having recovered in the reply to the questionnaire. Further, the school ought to refund the tuition fee hiked by it in the year 2009-10, to the extent such hike exceeds 10%. Such refunds ought to be made along with interest @ 9% per annum.

2. Development Fee:

The Committee notes that the school conceded that the development fee charged by it was treated as a revenue receipt and no earmarked

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**Blooming Dales Public School, Rajendra Park, Nangloi, Delhi-
110041**

accounts were maintained for development fund or depreciation reserve fund. Thus the school was not fulfilling any of the pre conditions prescribed by the Duggal Committee for charging 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. The school in its reply to the questionnaire admitted having recovered a sum of Rs. 34,100 as development fee in 2009-10 and Rs. 1,40,000 in 2010-11. The Committee is not considering the development fee charged in the earlier years as the mandate of the Committee is to examine the issue of fee hike effected by the school in pursuance of order dated 11/02/2009 issued by the Director of Education. In view of the non fulfillment of the essential pre conditions, the Committee is of the view that the development fee charged by the school in 2009-10 and in 2010-11 was not justified and the same ought to be refunded along with interest @ 9% per annum.

Recommendations:

In view of the foregoing discussion, the Committee recommends that the school ought to refund the following amounts collected by it in pursuance of order dated 11/02/2009 issued by the Director of Education:

- (a) The arrear fee amounting to Rs. 76,200 recovered from the students of classes IX & X.**
- (b) The tuition fee hiked by the school in 2009-10, in so far as the hike exceeds 10% of the fee charged in 2008-09.**

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Blooming Dales Public School, Rajendra Park, Nangloi, Delhi-110041

(c) Development fee amounting to Rs. 34,100 in 2009-10 and Rs. 1,40,000 in 2010-11.

All such refunds ought to be made along with interest @ 9% per annum from the date of collection to the date of refund.

Sd/-
GA J.S. Kochhar
Member

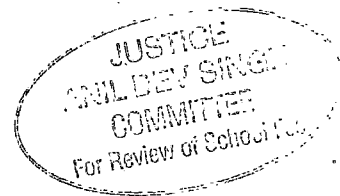
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated: 11/08/2015

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Modern New Delhi Public School, Sangam Vihar, New Delhi-62

1. The school did not respond to the questionnaire issued by the Committee on 27.02.2012 within the specified time. 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.
2. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.
3. In order to give an opportunity of being heard to the school, the Committee issued notice dated 23.06.2015 to the school for hearing on 21.07.2015. The notice required the school to furnish the information regarding fee and salaries in a structured format, duly reconciled with the income and expenditure accounts. The notice also required the school to furnish details of accrued liabilities of gratuity/leave encashment, if applicable to the school, statements of account of the parent society as appearing in the books of the school, bank statements highlighting the payments of arrear salary, copy of circular issued to the parents. It was also required to file reply of the questionnaire.

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Modern New Delhi Public School, Sangam Vihar, New Delhi-62

4. On 21.07.2015, Ms. Madhu Bala, Principal, Sh. G.K. Bali, Member M.C. & Sh. Neeraj Aggarwal, L.D.C. of the school appeared before the Committee and produced record. Reply to the questionnaire issued by the Committee was also filed. As per the reply;-

- (i) The school implemented the recommendations of the 6th.Pay Commission w.e.f. 01.03.2009.
- (ii) The school hiked tuition fee w.e.f. 01.04.2009 in terms of the order of the Director of Education dated 11,02,2009.
- (iii) The school charged arrear of fee from the students and paid arrear salary to the staff.
- (iv) The school charged development fee from the students. The same was treated as revenue receipt and no separate depreciation reserve fund and development fund accounts had been maintained.

The representatives of the school contended that the school had partially implemented the recommendations of the Sixth Pay Commission which resulted in the monthly salary going up from Rs.5,39,786 in February 2009 to Rs.8,79,236 for March 2009. They also stated that the school has paid total arrears amounting to Rs. 27,92,414 for the period 01.01.2006 to 31.03.2009. With regard to

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Page 2 of 7

Modern New Delhi Public School, Sangam Vihar, New Delhi-62

fee, the school submitted that it recovered a total sum of Rs. 8,81,300 as arrear fee. Total collection of regular tuition fee for the year 2009-10 rose to Rs.85,26,980 from Rs.77,50,755 in 2008-09. The fee details filed by the school showed a hike of Rs.100 p.m. for classes nursery to VIII and Rs.120 p.m. for classes IX & X. However, there was no hike in tuition fee in 2010-11.

The Committee examined the books of accounts and found that the entire arrear salary as well as regular monthly salary were shown to have been paid in cash. The representatives of the school conceded that even till date, salary is being paid in cash. They were not able to show any TDS deduction from the salaries of the staff.

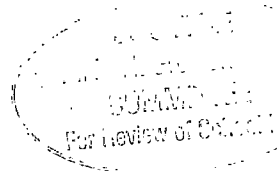
With regard to development fee, the representatives contended that it was introduced only in the year 2009-10. The total collection was Rs.6,27,000 in 2009-10 and Rs.2,32,500 in 2010-11. The same was treated as a revenue receipt and no earmarked fund was maintained for development fee and depreciation reserve.

5. By notice of the Committee dated 01.08.2015, the school was provided another opportunity of hearing on 28.08.2015.

6. On 28.08.2015, Ms. Madhu Bala, Principal and Sh. Gopal

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Modern New Delhi Public School, Sangam Vihar, New Delhi-62

Krishan, Member, Managing Committee of the school appeared before the Committee for clarification, if any. They contended that they had nothing to add to the contentions made on previous date of hearing.

Discussions and findings

7. 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
Nursery and K.G.	300	400	100	400	NIL
I & II	350	450	100	450	NIL
III to V	410	510	100	510	NIL
VI to VIII	465	565	100	565	NIL
IX to X	880	1000	120	1000	NIL

8. From the above, it is obvious that the school had increased the tuition fee during the year 2009-10, in terms of the order of the Director of Education dated 11/02/2009 for classes Nursery to VIII. For classes IX and X though, the hike was not in terms of the aforesaid order but

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Modern New Delhi Public School, Sangam Vihar, New Delhi-62

was more than the tolerance limit of 10%. During 2010-11, there was no hike in tuition fee.

9. According to school it had implemented the recommendations of the 6th Pay Commission, but salary and arrears of salary to the staff had been paid in cash. We find that many schools have taken this plea that they had implemented the recommendations of the 6th Pay Commission by showing payment of salary/arrears of salary to the teachers in cash or through bearer cheques. The stand of the school that it had implemented the recommendations of the 6th Pay Commission does not inspire confidence as there is no plausible and convincing reason, why the payments were not made by bank transfer or by account payee cheques. In the circumstances the stand of the school that it has implemented the recommendations of the 6th Pay Commission is a ruse and cannot be accepted.

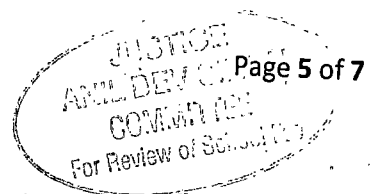
RECOMMENDATION

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

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Modern New Delhi Public School, Sangam Vihar, New Delhi-62

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.

Re. Arrears of Fee.

The school has charged arrear of fee to the tune of Rs. 8,81,300.00 in 2009-10. The school has claimed to have paid arrears of salary, but the same has been paid in cash. Therefore, in view of the above observations, the Committee also recommends that the arrear fee to the tune of Rs. 8,81,300.00 collected by the school in the year 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.

Re : Development Fund

10. As per record the school has charged development fee from the students in the following manner.

Year	Development fee charged
2009-10	Rs.6,27,000.00
2010-11	Rs.2,32,500.00

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Modern New Delhi Public School, Sangam Vihar, New Delhi-62

The Development fee has been treated as revenue receipt and no earmarked development fund or depreciation reserve fund accounts were maintained by the school.

In the circumstances, 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, the Development Fee charged by the school to the tune of Rs. 8,59,500.00 during the years 2009-10 and 2010-11 in the garb of the order of the Director of Education dated 11.02.2009 was not in accordance with law. This being so, the school ought to refund the aforesaid development fee 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

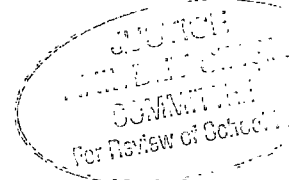
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated : 10.09. 2015.

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Secretary

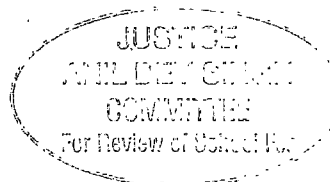


New Bal Vaishali Public School, Meethapur Ext. New Delhi-44

1. The school did not respond to the questionnaire issued by the Committee on 27.02.2012 within the specified time. 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.
2. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.
- 3 By notice dated 23.06.2015, the school was asked to appear on 21.07.2015 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.
4. On 21.07.2015, Sh. J.K. Sharma, Manager & Sh. S.K. Sharma Part Time Accountant appeared before the Committee and produced the record. Reply to the questionnaire was also filed. As per the reply :-
 - (i) The school implemented the recommendations of the Sixth Pay Commission w.e.f. 01.08.2009.

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New Bal Vaishali Public School, Meethapur Ext. New Delhi-44

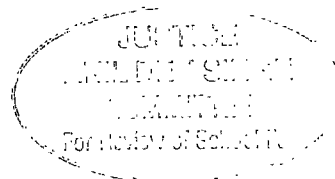
- (ii) The school hiked the tuition fee in terms of order of the Director of Education dated 11.02.2009, w.e.f. 01.04.2009.
- (iii) The school neither collected arrear fee nor paid arrear of salary to the staff.
- (iv) The school did not collect development fee from the students.

It was contended by the representatives that the school partially implemented the recommendations of the Sixth Pay Commission w.e.f. 01.08.2009. The salary bill for the month of July 2009, which was Rs.2,53,273, went up to Rs. 4,14,155 in August 2009. It was stated that the school neither paid any arrear salary nor collected any arrear fee from the students. It was also asserted that the school did not charge any development fee.

Besides, it was pointed out that in the year 2009-2010 the school raised the fee by Rs.100 p.m. for classes I to IV and by Rs.200 p.m. for classes VI to VIII w.e.f.01.04.2009 in accordance with the order of the Director of Education dated 11.02.2009 but **the school did not raise any fee in the previous year viz. in 2008-09.**

On examination of the books of accounts and the salary records, the Committee finds that the school paid salary in cash although it was maintaining a bank account. The representatives admitted that till

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New Bal Vaishali Public School, Meethapur Ext. New Delhi-44

date, the salary was being paid in cash. On query by the Committee they submitted that the school started deducting TDS only in 2013-14. The Committee also finds that **Sh. Jai Kishan Sharma, Manager of the school in para 3 of his affidavit dated 10.07.2015, has affirmed that the school did not implement the recommendations of the Sixth Pay Commission in respect of payment of salary to the staff.**

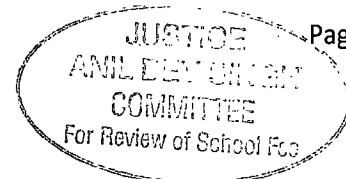
5. By notice dated 01.08.2015, the school was directed to produce fee records for the years 2007-08 and 2008-09 before the Committee on 13.08.2015 for verification.

6. On 13.08.2015 no one appeared before the Committee. However, the school was provided final opportunity of hearing on 31.08.2015.

7. On 31.08.2015 Sh. J.K. Sharma, Manager and Sh. S. K. Sharma, Part Time Accountant of the school appeared before the Committee and produced fee record of 2007-08 and 2008-09. The Audit Officer of the Committee was directed to verify the fact whether or not the school hiked tuition fee in 2008-09.

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New Bal Vaishali Public School, Meethapur Ext. New Delhi-44

The Audit Officer of the Committee after examination of the fee record has recorded that the school has charged same tuition fee in 2007-08 and 2008-09.

Discussions and findings

8. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during the years 2007-08 to 2010-11: -

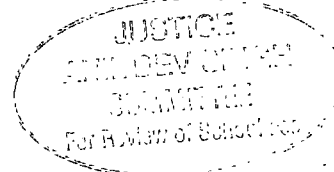
Class	Tuition Fee during 2007-08	Tuition Fee during 2008-09	Extent of Tuition Fee increased in 2008-09	Tuition Fee during 2009-10	Extent of Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I to V	450	450	nil	550	100	600	50
VI to VIII	530	530	nil	730	200	800	70

9. From the above, it is obvious that the school has increased the fee during the year 2009-10, in terms of the order of the Director of Education dated 11/02/2009. However, during 2010-11, the hike was by 10%.

Further, the school did not hike the fee in 2008-09. If the hike in fee is spread over to 2008-09, 2009-2010 and in that event the

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New Bal Vaishali Public School, Meethapur Ext. New Delhi-44

average hike in 2010-11 for classes I to V will be about 10%, but for classes VI to VIII the hike will be more than 10%.

10. Admittedly, the school has not implemented the recommendations of the 6th Pay Commission.

11. As per record the school has not charged development fee from the students.

RECOMMENDATION

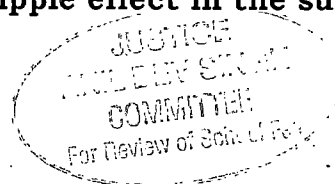
Re. Fee Hike

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, for classes VI to VIII 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% for classes VI to VIII, ought to be refunded along with interest @9% per annum from the date of its collection to the date of its refund.

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

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New Bal Vaishali Public School, Meethapur Ext. New Delhi-44

years and the fee of the subsequent years to the extent, it is relatable to the fee hiked in 2009-10, for classes VI to VIII 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

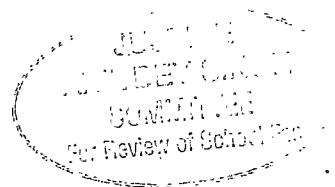
Sd/-

Dr. R.K. Sharma
Member

Dated : 10.09.2015.

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New Delhi Convent Sr.Sec.School Raj Nagar,Palam Colony,N.Delhi-45

1. The school did not respond to the questionnaire issued by the Committee on 27.02.2012 within the specified time. 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.
2. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.
3. In order to give an opportunity of being heard to the school, the Committee issued notice dated 23.06.2015 to the school for hearing on 21.07.2015. The notice required the school to furnish the information regarding fee and salaries in a structured format, duly reconciled with the income and expenditure accounts. The notice also required the school to furnish details of accrued liabilities of gratuity/leave encashment, if applicable to the school, statements of account of the parent society as appearing in the books of the school, bank statements highlighting the payments of arrear salary, copy of circular issued to the parents. It was also required to file reply of the questionnaire.

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New Delhi Convent Sr.Sec.School Raj Nagar,Palam Colony,N.Delhi-45

4. On 21.07.2015, Mrs Maya Devi Solanki, Manager and Ms. Rekha, Member of the parent society appeared before the Committee and produced the record. Reply to the questionnaire issued by the Committee was also filed. As per the reply;-

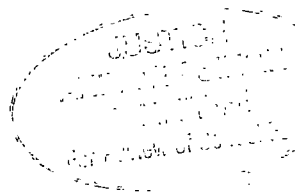
- (i) The school implemented the recommendations of the 6th.Pay Commission w.e.f. 01.11.2008.
- (ii) The school hiked tuition fee w.e.f. 01.04.2009 in terms of the order of the Director of Education dated 11,02,2009.
- (iii) The school did not charge arrear of fee from the students and had also not paid arrear salary to the staff.
- (iv) The school did not charge development fee from the students.

The representatives of the school contended that the recommendations of the Sixth Pay Commission were implemented w.e.f. 1.11.2008, in anticipation of the instructions to be issued by the Directorate of Education. The fee was revised w.e.f. 01.04.2009, on receipt of the said order. They further contended that no arrears of salary were paid as the school did not recover any arrear of fee from the students. It was stated that the school did not charge any development fee.

The Committee has examined the salary records and books of

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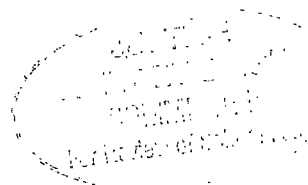
New Delhi Convent Sr.Sec.School Raj Nagar,Palam Colony,N.Delhi-45

accounts as maintained by the school. The Committee observed that only a part of the salary was paid by direct bank transfer. The remaining part of salary was paid either in cash or by bearer cheques. Further, the books of accounts had not been prepared as per the accounting principles. The representatives conceded that the school started deducting TDS only about 2 years back. In the years 2008-09, 2009-10 & 2010-11, no TDS was deducted. The school was asked to file a statement showing the breakup of monthly salary paid by bank transfer, bearer cheques and cash from November 2008 to March 2010.

5. Vide Committee's notice dated 01.08.2015, the school was provided another opportunity of hearing on 28.08.2015.
6. On 28.08.2015, Mrs. M.D. Solanki, Manager, Sh. H.N.Rai, Member, Society of the school appeared before the Committee. They filed the information under the cover of letter dated 24.07.2015. As per the information, out of the total salary of Rs. 55,85,852.00 paid by the school during 2009-10, only a sum of Rs. 24,61,020.00 was paid by bank transfer. The remaining amount was paid either by cash or by bearer cheques. A perusal of copy of bank pass book filed by the school shows that the cash withdrawn by bearer cheques was deposited back

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New Delhi Convent Sr.Sec.School Raj Nagar,Palam Colony,N.Delhi-45

in the bank account, in the bank account, partly on the same date and partly after a couple of days.

Discussions and findings

7. 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	425	525	100	575	50
III to V	500	700	200	770	70
VI to VIII	570	770	200	845	75
IX to X	730	930	200	1020	90
X to XI	785	985	200	1080	95

8. From the above, it is obvious that the school had increased the tuition fee during the year 2009-10, in terms of the order of the Director of Education dated 11/02/2009 for all classes. During 2010-11, there was hike by 10% in tuition fee.

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New Delhi Convent Sr.Sec.School Raj Nagar,Palam Colony,N.Delhi-45

9. According to school it has implemented the recommendations of the 6th Pay Commission, but salary to the staff has been paid in cash/bearer cheques. We find that many schools have taken this plea that they had implemented the recommendations of the 6th Pay Commission by showing payment of salary/arrears of salary to the teachers in cash or through bearer cheques. The stand of the school that it had implemented the recommendations of the 6th Pay Commission does not inspire confidence as there is no plausible and convincing reason, why the payments were not made by bank transfer or by account payee cheques. In the circumstances the stand of the school that it has implemented the recommendations of the 6th Pay Commission is a ruse and cannot be accepted.

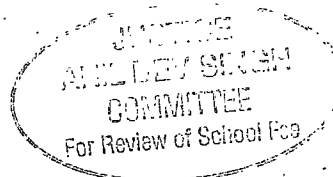
RECOMMENDATION

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 the year 2009-10 in

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New Delhi Convent Sr.Sec.School Raj Nagar,Palam Colony,N.Delhi-45

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.

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 from the date of its collection to the date of its refund.

Recommended accordingly.

J.S. Kochar
Member

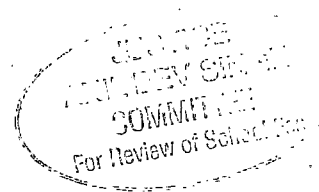
Justice Anil Dev Singh (Retd.)
Chairperson

Dr. R.K. Sharma
Member

Dated : 10.09.2015.

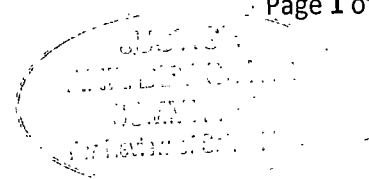
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1. The school did not respond to the questionnaire issued by the Committee on 27.02.2012 within the specified time. The returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education.
2. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.
3. With a view to verify the returns, the Office of the Committee vide its notice dated 30.05.2012, required the school to appear on 20.06.2012 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.
4. On 20.06.2012 Mrs. Nidhi Gaur, Assistant Teacher of the school attended the Office of the Committee and produced the record for the scrutiny by the Audit Officer of the Committee but the school did not submit reply to the questionnaire.
5. The record, in the first instance, was examined by Mrs. Sunita Nautiyal, Audit Officer of the Committee. She observed to the effect that:-

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- (i) The school has claimed to have implemented the recommendations of the 6th Pay Commission w.e.f. September 2008.
- (ii) The school has hiked tuition fee in 2009-10 in terms of the order of the Director of Education dated 11.02.2009.
- (iii) The salary to the staff has been paid in cash.
- (iv) The school has charged development fee from the students.


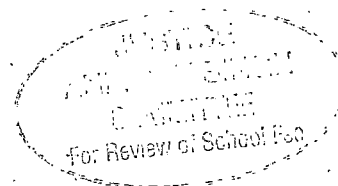
The Audit Officer after examination of the record produced by the school returned the same to the representative of the school.

Since the school did not file reply to the questionnaire, the Audit Officer required to furnish reply to the same. The reply of the questionnaire was filed by the school on 25.06.2012. The Audit Officer recorded that :-

- (i) The school has implemented the recommendations of the Sixth Pay Commission w.e.f. April 2009.
- (ii) The school has not charged arrear fee from the students but has claimed to have paid arrear salary to the staff w.e.f. Sept. 2008.
- (iii) The tuition fee has been increased w.e.f. April 2009, in terms of the order of the Director of Education dated 11.02.2009.

6. In order to give an opportunity of being heard to the school, the Committee issued notice dated 09.07.2015 to the school for hearing on 29.07.2015. The notice required the school to furnish the information regarding fee and salaries in a structured format, duly reconciled with

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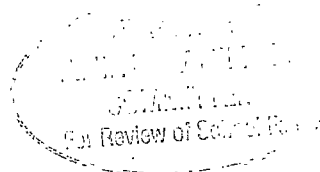
New Creations Public School, Dilshad Colony, Delhi-95.

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the income and expenditure accounts. The notice also required the school to furnish details of accrued liabilities of gratuity/leave encashment, if applicable to the school, statements of account of the parent society as appearing in the books of the school, bank statements highlighting the payments of arrear salary, copy of circular issued to the parents.

7. On 29.07.2015, Ms. Arunima Sharma, Vice Principal and Sh. Manu R.G. Luthra C.A. of the school appeared before the Committee and produced the record. It was contended that the school implemented recommendations of the Sixth Pay Commission w.e.f. 01.04.2009 and also increased tuition fee by Rs.200 p.m. as per the order of the Director of Education dated 11.02.2009. It was submitted that the school paid arrears for the period 01.09.2008 to 31.01.2009 (4 months) on 10.04.2009 but the same were not recovered from the students. On query by the Committee, the representatives conceded that the entire amount of arrears of Rs.4,04,496 was paid in cash. However, with regard to the payment of regular salary, they contended that it was partly paid in cash and partly by cheques. On examination of the books of accounts, the Committee observed that the payment to only the Vice Principal Mrs. Arunima Sharma was made by cheque and the rest of the staff members were paid in cash. The arrears to even Ms. Arunima Sharma amounting to Rs. 47,228 were purportedly paid in cash.

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With regard to development fee, it was submitted that the school charged development fee in all the five years i.e. from 2006-07 to 2010-11, which was utilized for permitted purposes. Further, the representatives submitted that the earmarked bank accounts were maintained for development and depreciation reserve funds. However, the representatives could not show from the balance sheet as to which was the earmarked bank accounts for these purposes. On examination of books of accounts, the Committee observed that no separate earmarked accounts were maintained, as claimed by the school.

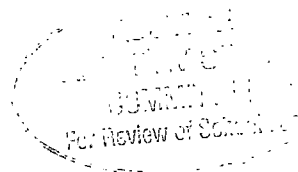
8. Vide Committee's notice dated 01.08.2015 the school was provided another opportunity of hearing on 11.08.2015, inter alia to clarify its status on maintenance of earmarked development fund and depreciation reserve fund account.

9. On 11.08.2015, Mrs. Arunima Sharma, Vice Principal and Sh.Manu R.G. Luthra, C.A. of the school appeared before the Committee. They submitted that the school has opened earmarked development fund and depreciation reserve fund accounts on 20.07.2015.

Discussion and findings

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: -

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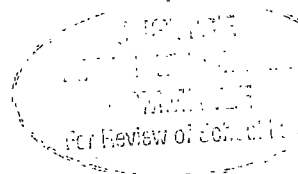
Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	The extent of Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
Pre- Nursery & K.G.	625	825	200	905	80
I to III	580	780	200	858	78
IV	625	825	200	905	80
V	660	860	200	950	90
VI	665	865	200	950	85
VII	675	875	200	960	85
VIII	685	885	200	970	85
IX	759	959	200	1055	96
X	800	1000	200	1100	100

11. From the above, it is manifest that the school has increased the fee during the year 2009-10, in terms of the order of the Director of Education dated 11.2.2009 for all class. During 2010-11, the hike in tuition fee was by 10%.

12. According to school it has implemented the recommendations of the 6th Pay Commission. The salary to all the staff except the head of school has been paid in cash. Even the arrears of salary to the staff including the head of school have been paid in cash. We find the many schools have taken the plea that they had implemented the recommendations of the 6th Pay Commission by paying the salary/arrears of salary to the teachers in cash/bearer cheques. Such a plea gives a lie to the stand of the school that it had implemented the recommendations of the 6th Pay Commission as there is no plausible and convincing reason, why the payment was not made by bank transfer

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or by account payee cheques. Therefore, in our view the school has not implemented the recommendations of the Sixth Pay Commission.

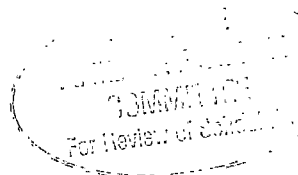
RECOMMENDATIONS**Re. Fee Hike**

Since the school has hiked the tuition fee in 2009-10, in terms of the order of the Director of Education, 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.

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, for above mentioned classes, ought also to be refunded along with interest @ 9% per annum from the date of its collection to the date of its refund.

Re: Development Fee

13. As per record the school has charged development fee in the following manner ;



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<u>Year</u>	<u>Development Fee Charged</u>
2009-10	Rs. 4,60,200.00
2010-11	Rs. 6,54,785.00

The development fee has been treated as a revenue receipt and no separate depreciation reserve fund and development fund accounts had been maintained.

In the circumstances, 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., (2204) 5 SCC 583. Therefore, the Development Fee charged by the school to the tune of Rs. 11,14,985.00 during the years 2009-10 and 2010-11 in the garb of the order of the Director of Education dated 11.02.2009 was not in accordance with law. This being so, the school ought to refund the aforesaid development fee 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:- 31.08.2015

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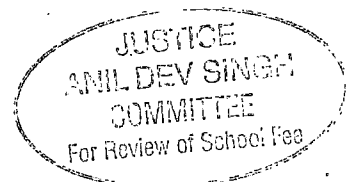
Initially the school did not submit any reply to the questionnaire dated 27/02/2012 issued by the Committee. The annual returns of the school filed u/r 180 of Delhi School Education Rules 1973 were requisitioned from the office of the concerned Dy. Director of Education. On prima facie examination of the returns filed by the school, it appeared that the school had hiked the fee as per order dated 11/02/2009 issued by the Director of Education but at the same time, had also apparently implemented the recommendations of VI Pay Commission. Accordingly, it was placed in category 'B' for the purpose of verification.

The school was again issued a revised questionnaire dated 31/07/2013, requiring it to furnish by 10/08/2013, specific replies to the queries raised by the Committee in the initial questionnaire as well as the relevant queries regarding charging of development fee and maintenance of earmarked accounts for development and depreciation reserve funds as per the recommendations of 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. However, vide letter dated 08/08/2013, the school sought further time upto September 2013 to furnish reply to the questionnaire. However, the school submitted its reply vide its letter dated 12/08/2013 which was received in the office of the Committee on 23/08/2013.

In its reply to the questionnaire, the school stated that:

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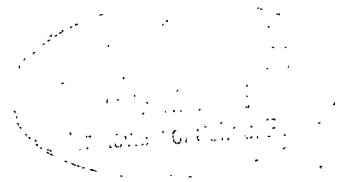


Sam International School, Sector-12, Dwarka, New Delhi-110075

- (a) It had implemented the recommendations of Sixth Pay Commission w.e.f. 01/04/2009. (In support copies of salary details for the months of March 2009 and April 2009 were enclosed, as per which the total salary bill of the school for March 2009 was Rs. 2,21,974 while that for April 2009 was Rs. 5,24,599). However, the salary for the month of March 2009 was in respect of 16 staff members but that for April 2009 was in respect of 23 staff members.
- (b) It had paid arrears to the staff amounting to Rs. 10,26,594 for the period 01/09/2008 to 30/06/2009.
- (c) It hiked the tuition fee w.e.f. 01/04/2009 in accordance with order dated 11/02/2009 issued by the Director of Education (The details of fee charged from the students of different classes in 2008-09 and 2009-10 were enclosed, as per which the school raised the tuition fee of students of classes I & II by Rs. 300 per month and those for classes III to X by Rs. 400 per month).
- (d) A total sum of Rs. 10,49,390 was recovered as arrears for the period 01/09/2008 to 31/03/2009.
- (e) The school charged development fee in the years 2007-08 to 2010-11. While the fee charged in 2007-08 and 2008-09 was only from the new students, in 2009-10 and 2010-11, development fee aggregating Rs. 28,80,625 and Rs. 30,82,110 was recovered from all the students.

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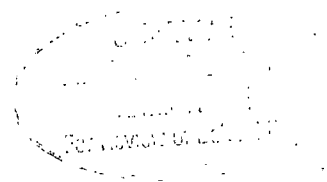
Sam International School, Sector-12, Dwarka, New Delhi-110075

- (f) The development fee was treated as a revenue receipt in the accounts.
- (g) The school was maintaining earmarked bank account with Canara Bank, Raja Garden for depreciation reserve account (a copy of the statement of this account was enclosed, which showed that the account was opened on 08/10/2008).

The funds position of the school at the time of implementation of VI Pay Commission report was initially examined by the Chartered Accountants detailed with the Committee (CAs), which prima facie showed that the school had a surplus of Rs. 40,49,637, after purported implementation of VI Pay Commission report. On reviewing the calculations made by the CAs as well as the audited financials of the school, the Committee felt that the audited financials did not inspire much confidence as they were very sketchy and scanty in details. The Committee was of the view that the factum of implementation of VI Pay Commission report needed to be verified before relying upon any calculations made by the CAs.

The Committee issued a notice dated 22/05/2015 to the school to furnish the information regarding fee and salaries in a structured format, duly reconciled with the Income & Expenditure accounts, within 10 days. The notice also required the school to furnish details of accrued liabilities of gratuity/leave encashment, if applicable to the school, statements of account of the parent society as appearing in the

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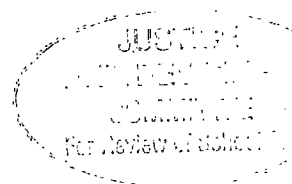
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books of the school, bank statements highlighting the payments of arrear salary and copy of circular issued to the parents. However, vide letter dated 05/06/2015, the school sought further three weeks time to submit the required information. The information was not furnished by the school within the extended period also. The Committee issued a notice of hearing dated 20/08/2015, requiring the school to furnish the information as sought earlier and also providing an opportunity to the school to justify the fee hike effected by it. The hearing was fixed for 14/09/2015.

On the scheduled date, Sh. Praveen Kumar, Chairman of the Managing Committee appeared along with Sh. S.K. Sharma, Accountant. They filed written submissions dated 14/09/2015 and furnished the information required by the Committee. The Committee noticed that the information now submitted did not accord with the information given earlier by the school vide its reply to the questionnaire issued by the Committee. For example, the school had stated that the pre implementation monthly salary of the staff was Rs. 2,21,974 i.e. approximately Rs. 26.52 lacs per annum but as per the information now submitted, the total salary for the year 2008-09 (i.e. pre implementation) was Rs. 37.34 lacs. However, the amount shown as expenditure on salary in the audited Income & Expenditure Account was Rs. 30,78,381. Similarly, the school had earlier stated that the post implementation monthly salary was Rs. 5,24,599 i.e.

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about Rs. 62.95 lacs per annum but as per the information now given, it was Rs. 95.58 lacs per annum. The expenditure shown under the Head salary in the audited Income & Expenditure Account for 2009-10 was Rs. 90,91,100.

Further, from the copy of circular issued to the parents which was filed by the school, the Committee noticed that while the monthly fee hike was Rs. 300/400, the school recovered arrears of seven months i.e. 01/09/2008 to 31/03/2009 @ Rs. 2450/3150 per student. Thus, there was an excess recovery of arrears amounting to Rs. 350/450 per student. The representatives of the school claimed that the school refunded certain amounts in the year 2011-12 and 2012-13 and also filed a list of such refunds. It was submitted that the refunds were made pursuant to a directive received from the Directorate of Education. However, the school neither produced a copy of the directive nor its fee receipts in books of accounts for 2011-12 and 2012-13 to support its claim.

On examination of books of accounts and the bank statement of the school, the Committee observed that a substantial portion of the salary in 2009-10 was paid either in cash or through bearer cheques. The representatives of the school submitted that this was done as per the desire of the teachers.

The Committee also noted that the financials of the school revealed that the school was also running a pre primary school, whose

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financials were kept separate from the financial of the school. The notice of hearing given to the school contained a clear direction that in such a case the school ought to furnish the information sought with regard to pre primary school also besides furnishing its audited financials. Despite this, the school did not furnish this information or the audited financials of the pre primary school.

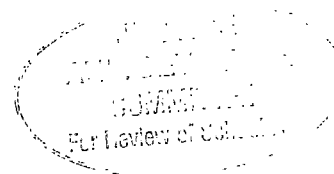
In the interests of justice, the Committee afforded another opportunity to the school to produce its entire records as well as that of pre primary school before the audit officer of the Committee on 21/09/2015. However, on this date, the school sought further time from the audit officer. A last opportunity was afforded to the school to produce the required records on 08/10/2015.

On the scheduled date, the representatives of the school appeared before the audit officer of the Committee and produced the required records. The records produced were examined by the audit officer and she observed as follows:

- (a) The financial transactions of the pre primary school were recorded in the books of the parent society i.e. Lucky Education Society.
- (b) The recommendations of VI Pay Commission were not implemented by the school in respect of pre primary school. However, the school hiked the fee of the students of the pre primary school also by an amount which exceeded the

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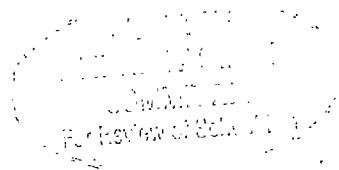
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maximum hike permissible vide order dated 11/02/2009 issued by the Director of Education. The fee of these classes was increased from Rs. 1500 per month in 2008-09 to Rs. 1850 per month in 2009-10.

- (c) The school did not produce the fee receipts and fee registers for the years 2008-09 and 2009-10, for the purported reason that they were not available.
- (d) The excess amount of fee, which the school claimed to have refunded in 2011-12, was not out of any arrear fee charged in pursuance of order dated 11/02/2009 but was in respect of the development fee for the year 2010-11, which was charged even in excess of 15% of tuition fee in that year. A sum of Rs. 4,28,550 was thus refunded out of development fee for 2010-11.
- (e) The arrear salary amounting to Rs. 10,26,594 for the period 01/09/2008 to 31/03/2009, claimed to have been paid by the school in April 2010, was concededly paid in cash.
- (f) Although the school was apparently paying regular salary by bank transfer, the school had not produced copies of TDS returns nor was any deduction of tax at source shown in the salary registers. Besides, the aggregate of the amount of salaries paid by bank transfer, did not match with the total amount of salary paid as per the audited Income & Expenditure Accounts. The representatives of the school

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were asked to produce copies of TDS returns by 12/10/2015 and also to furnish a complete detail of salary paid in 2008-09 and 2009-10, indicating the mode of payment.

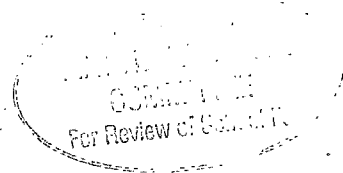
(g) On 12/10/2015, the representative of the school again appeared and informed that no TDS had been deducted upto 2010-11, purportedly for the reason that no employee had taxable salary upto 2010-11, after availing of the admissible deductions. The detail of salary as per Income & Expenditure Account was also furnished. As per the information furnished, the breakup of total salary in 2008-09 and 2009-10 was as follows:

Salary paid	2008-09				2009-10			
	Through Bank Transfer	By Bearer Cheques	In cash	Total	Through Bank Transfer	By Bearer Cheques	In cash	Total
Teaching Staff	19,08,148	4,31,013	2,80,759	26,19,920	45,25,079	14,37,667	9,06,765	68,69,511
Part time and Contractual staff	0	0	3,94,929	3,94,929			9,05,171	9,05,171
Class IV employees	0	0	63,532	65,532			13,16,418	13,16,418
Total	19,08,148	4,31,013	7,39,220	30,80,381	45,25,079	14,37,667	31,28,354	90,91,100
Percentage of salary paid by cash/bearer cheques	38%				50.22%			

Besides, after claiming on the previous date that the fee registers were not available, the representatives of the school produced the fee registers for the year 2008-09 and 2009-10.

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Sam International School, Sector-12, Dwarka, New Delhi-110075**Discussion regarding implementation of VI Pay Commission:**

The Committee has examined the annual returns filed by the school under Rule 180 of Delhi School Education Rules, 1973, the reply submitted by it to the questionnaire, the observations of the audit officer and the information furnished by the school during the course of verification as well as during the course of hearing and also the oral and written submissions made by the representatives of the school.

The Committee is of the view that the school has, in actual fact, not implemented the recommendations of the VI Pay Commission nor paid any arrears of salary, as claimed by it. The basis of forming this view is as follows:

- (a) The school gave different figures of salary paid at every stage of the verification. This is evident from the following table:

Amount of salary paid	2008-09 (Rs.)	2009-10 (Rs.)
As per audited Income & Expenditure Accounts	30,78,381	90,91,100
As per reply to the questionnaire submitted on 23/08/2013*	26,52,000	62,95,000
As per the information furnished on 14/09/2015	37,34,799	95,58,671

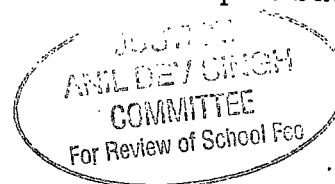
*Extrapolated on the basis of monthly salary for March 2009 and April 2009

- (b) Though the aggregate salary paid in 2009-10 rose from Rs. 30,78,381 to Rs. 90,91,100, the entire increase was not on account of implementation of VI Pay Commission report but

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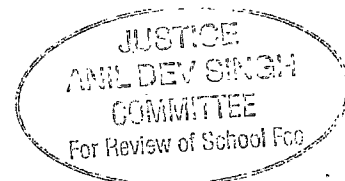
substantially on account of the number of the staff members going up from 16 in March 2009 to 23 in April 2009. Moreover, the component of the total salary paid in cash or by bearer cheques rose from 38% in 2008-09 to 50.22 % in 2009-10. That is to say that after the purported implementation of VI Pay Commission report, more than the half salary was paid in cash. This has to be viewed in juxtaposition to the fact that even after purported implementation of VI Pay Commission in 2009-10, no TDS was deducted from the salary of any staff member even upto 2010-11. After implementation of VI Pay Commission, almost the entire teaching staff would ordinarily be drawing salary which would come in the tax net even after availing of the admissible deductions. Further in respect of the staff of the pre primary school, the school itself has admitted that it did not implement the recommendations of VI Pay Commission although it hiked the fee of students of pre primary classes also by an amount which was in excess of the hike permitted by the Director of Education.

- (c) The entire arrear salary of Rs. 10,26,594 was purportedly paid in cash. When the regular salary, atleast to the regular teaching staff is paid by bank transfer, there can be no justification for payment of arrear salary in cash.

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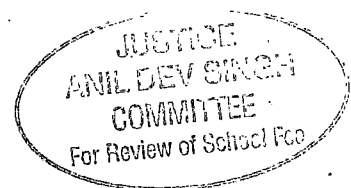
Sam International School, Sector-12, Dwarka, New Delhi-110075**Discussion regarding hike in Tuition Fee and recovery of arrears:**

The Committee is of the view that the school took undue advantage of the order dated 11/02/2009 issued by the Director of Education to hike the fee and also to recover the arrears for the period 01/09/2008 to 31/03/2009 even in excess of the amount of arrears recoverable for that period. This is on account of the fact that the Committee has come to conclusion that the school, in fact, did not implement the recommendations of VI Pay Commission nor paid any arrears. The raison d'etre for increase in fee was the additional expenditure to be incurred by the school for implementation of VI Pay Commission recommendations. When the recommendations were not implemented, the school could, at best, have hiked the fee by 10% over the fee charged in 2008-09. Further, the school offered an admittedly false explanation regarding refund of excess recovery of arrear fee for the period 01/09/2008 to 31/03/2009, which was more than the amount permitted by the Director of Education. Subsequently the school retracted its explanation. The Committee is therefore of the view that the school ought to refund the entire arrear fee of Rs. 10,49,390 recovered by it pursuant to order dated 11/02/2009 issued by the Director of Education. The tuition fee for all the classes (including pre primary) hiked in 2009-10 ought also be refunded, in so far as, the hike exceeds 10% of the tuition fee charged by the school in 2008-09.

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Discussion regarding development Fee:

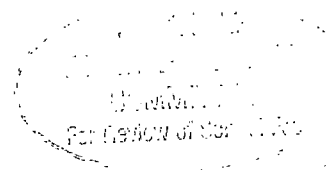
The school admittedly recovered a sum of Rs. 28,80,625 in 2009-10 and Rs. 30,82,110 in 2010-11. Out of the development fee for 2010-11, a sum of Rs. 4,28,550 was refunded by the school in 2011-12 in pursuance of an oral directive of the Directorate of Education. Thus effectively the school recovered a sum of Rs. 26,53,560 as development fee in 2010-11. Admittedly the school was treating development fee as a revenue receipt. The Duggal Committee which was constituted by the Hon'ble Delhi High Court to examine the issue of fee hike pursuant to implementation of V Pay Commission report, recommended the charging of development fee by the schools, 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 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)*

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Sam International School, Sector-12, Dwarka, New Delhi-110075

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 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 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) admitted, inter alia, the following point for determination

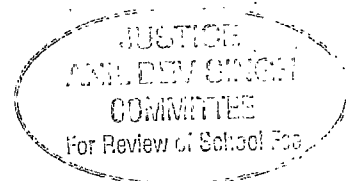
Whether managements of Recognized unaided schools are entitled to set-up a Development Fund Account under the provisions of the Delhi School Education Act, 1973?

The Hon'ble Supreme Court held as follows:

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Secretary

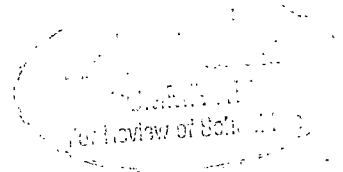


Sam International School, Sector-12, Dwarka, New Delhi-110075

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 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

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Sam International School, Sector-12, Dwarka, New Delhi-110075

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.

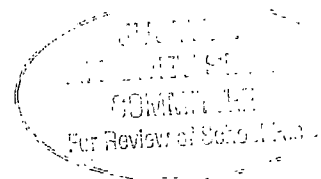
The basic pre requisite for charging development fee is its treatment as a capital receipt and creation of a development fund. The school, by treating the development fee as a revenue receipt has flouted these basic pre requisites as no development fund can be created by treating development fee as a revenue receipt.

The Committee is therefore of the view that the school was not in compliance with the law laid down by the Hon'ble Supreme Court regarding charging of development fee and therefore, the school was not justified in recovering any development fee. The same, in so far as it is charged in pursuance of order dated 11/02/2009 issued by the Director of Education for the years 2009-10 and 2010-11 , ought to be refunded.

All the refunds recommended by the Committee whether on account of tuition fee or arrears of tuition fee or development fee, ought to be made along with interest @ 9% per annum from the date of collection to the date of refund.

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Sam International School, Sector-12, Dwarka, New Delhi-110075**Recommendations:**

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

- (a) The school ought to refund the entire arrear fee of Rs. 10,49,390 recovered by it along with interest @ 9% per annum from the date of collection to the date of refund.
- (b) The school ought to refund the tuition fee hiked in 2009-10, in so far as it exceeds 10% of the tuition fee charged in 2008-09, along with interest @ 9% per annum from the date of collection to the date of refund.
- (c) The school ought to refund the sum of Rs. 28,80,625 charged as development fee in 2009-10 and a sum of Rs. 26,53,560 remaining out of development fee charged in 2010-11, along with interest @ 9% per annum from the date of collection to the date of refund.

Sd/-

CA. J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

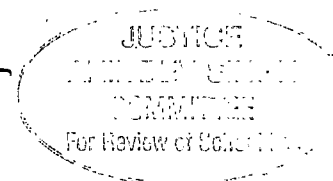
Sd/-

Dr. R.K. Sharma
Member

Dated: 09/11/2015

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The school addressed a letter dated 08/05/2012 to the Chairman of the Committee stating the following:

- (a) Though the fee hike permitted by the Director of Education vide order dated 11/02/2009 was insufficient to meet the additional liabilities of the school for implementation of the recommendations of VI Pay Commission, the Managing Committee of the school in its meeting held on 27/02/2009 decided to hike the fee to the extent permitted without prejudice to the rights of the school under the law as well as to avoid undue financial burden on the parents at a later stage.
- (b) The school was in deficit to the tune of Rs. 5,38,437 in 2009-10 after the fee hike and implementations of the recommendations of VI Pay Commission.
- (c) The school also had a deficit of Rs. 6,65,280 on account of payment of arrear salary. As against a recovery of Rs. 11,15,050 as arrear fee, the total amount paid or payable towards arrear salary was Rs. 17,80,330.
- (d) The school ought to be allowed a further increase of Rs. 215 per month per student in tuition fee w.e.f. 01/04/2009 and a collection of Rs. 3200 (one time) per student for payment of arrear salary.

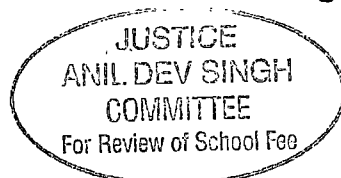


Rukmani Devi Public School, Rohini, Delhi-110085 000279

Along with this letter, the school furnished copies of the returns filed by it under Rule 180 for the years 2006-07 to 2010-11, as also the details of salary paid to staff in 2008-09 before implementation of VI Pay Commission, salary paid in 2009-10 after implementation of VI Pay Commission, details of arrears collected/yet to be collected from students and details of arrear paid/payable to staff and a statement indicating the extent of fee increased and circulars issued after implementing the recommendations of VI Pay Commission.

A perusal of the circulars issued to the parents of different classes by the school, reveals that the school, besides the lump sum arrears for the period 01/01/2006 to 31/08/2008 (which was in accordance with order dated 11/02/2009) recovered arrears of tuition fee @ Rs. 2100 (300x7) and @ Rs. 975 as arrears of development fee for the period 01/09/2008 to 31/03/2009. Thus the arrears of development fee were recovered @ 46.42% of the arrears of tuition fee for this period. It is noteworthy that as per the law laid down by the Hon'ble Supreme Court in the case of Modern School vs Union of India (2004) 5 SCC 583, the schools can recover the development fee upto a maximum of 15% of tuition fee.

The school also responded to the questionnaire dated 27/02/2012 issued by the Committee vide its reply dated 12/03/2012, which were sent by email. Essentially the school reiterated the information given earlier by it. The school also sent the



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salary statements for the years 2008-09 and 2009-10 and the details of arrears paid/payable to staff and the details of fee charged by the school for the year 2008-09 and 2009-10, as attachments to the email.

As per the statements furnished by the school, the fee charged by the school in 2008-09 and 2009-10 was as follows:

Particulars	2008-09	2009-10
Annualised Tuition fee (Rs.)	13,200	16,800
Annual development fee (Rs.)	1,320	2,010
Development fee as %age of tuition fee	10%	12%

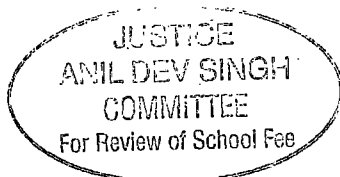
The arrear salary paid to the existing staff was Rs. 5,99,630 while that payable to the staff who had left was Rs. 84,745. The total salary for 2008-09 prior to implementation of VI Pay Commission report was Rs. 19,68,338 while that after the implementation of VI Pay Commission report was Rs. 33,93,453 in 2009-10.

Preliminary calculations to examine the justifiability of fee hike were made by the Chartered Accountants detailed with this Committee (CAs). However, in reviewing the same, the Committee observed that some of the figures taken by them had no relationship either with the financials of the school or with the details furnished by the school. They were made by extrapolating the monthly difference between the fee and salary before and after implementation of the recommendations of VI Pay Commission.


JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

In order to provide an opportunity of being heard to the school, the Committee issued a notice dated 03/03/2015, for hearing on 23/03/2015. The Committee also sought information in a structured format regarding the fee and salary breakup for the years 2008-09 to 2010-11, besides the details of accrued liabilities of gratuity, leave encashment and a statement of account of the society running the school, as appearing in the books of the school. While the school filed the details sought by the Committee, it requested for an adjournment on account of non availability of its Chartered Accountant.

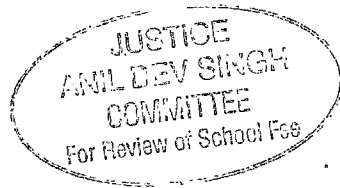
In the detail of fee filed by the school, the school mentioned that while the total arrear of tuition fee and development fee recovered from parents was Rs. 7,00,600, a sum of Rs. 11,15,050 was still recoverable. Similarly, while the school paid arrears of salary amounting to Rs. 7,02,715, a sum of Rs. 5,22,615 was still payable to existing staff and Rs. 5,55,000 to the staff who had left. The school also filed a statement showing its accrued liability of gratuity and leave encashment as on 31/03/2010. The respective amounts were Rs. 2,34,954 and Rs. 1,77,353. The school also filed a statement showing the account of Seth Pokhar Mal Educational Society from 2006-07 to 2010-11. As per this statement, the school paid to the society, a sum of Rs. 2.00 lacs in 2006-07, Rs. 7.00 lacs in 2007-08, Rs. 10.00 lacs in 2009-10 and Rs. 13.00 lacs in 2010-11.



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The Committee felt that the accounts of the school as well as the information provided by it was credible and before allowing any further hearing, a calculation sheet ought to be prepared in the light of the information furnished. The audit officer of the Committee was directed to prepare a preliminary calculation sheet. She was advised to include the funds transferred by the school to its parent society from the year 2006-07 to 2009-10 as part of funds which were deemed to be available with the school. The sheet prepared by her is as follows:



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A handwritten signature in black ink, appearing to be "V" or similar, written over the word "Secretary".
Secretary

Rukmani Devi Public School, Rohini, Delhi-110085 000283

Statement showing Fund available as on 31-03-2008 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report			
	Particulars	Amount (Rs.)	Amount (Rs.)
	Funds transferred to Parent Society from 2006-7 to 2009-10	1,900,000	
	<u>Current Assets + Investments</u>		
	Imprest	5,000	
	Punjab National Bank	131,929	
	Investments with accrued interest	-	2,036,929
Less	<u>Current Liabilities</u>		
	Refundable Security	156,300	
	Expenses Payable	185,498	
	Fee in advance	208,710	550,508
	Net Current Assets + Investments (Funds deemed to be available)		1,486,421
Less	Total Liabilities after implementation of Vith Pay Commission:		
	Arrear of Salary as per 6th CPC 1.1.2006 to 31.8.2008	329,030	
	Arrear of Salary as per 6th CPC 1.9.2008 to 31.3.2009	373,685	
	Incremental Salary for 2009-10 (as per calculation given below)	1,377,876	2,080,591
	Excess / (Short) Fund Before Fee Hike		(594,170)
Add	Total Recovery after VI th Pay Commission		
	Arrear of tuition fee w.e.f 01.01.06 to 31.08.08	284,200	
	Arrear of tuition fee w.e.f 01.09.08 to 31.03.09	291,600	
	Arrear of development fee w.e.f 01.09.08 to 31.03.09	124,800	
	Incremental fee for 2009-10 (as per calculation given below)	824,800	1,525,400
	Excess / (Short) Fund After Fee Hike		931,230
Less	Reserves required to be maintained:		
	for Gratuity as on 31.03.2010	234,954	
	for Leave Encashment as on 31.03.2010	177,353	412,307
	Excess / (Short) Fund		518,923

Working Notes:

	2008-09	2009-10
Normal/ regular salary	2,072,054	3,449,930
Incremental salary in 2009-10	1,377,876	
	2008-09	2009-10
Normal/ Regular Tuition fee	2,813,800	3,638,600
Incremental tuition fee in 2009-10	824,800	

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

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Rukmani Devi Public School, Rohini, Delhi-110085 000284

A fresh notice of hearing dated 27/11/2015 was issued to the school for providing it an opportunity of being heard on 07/12/2015. On this date, Dr. Parveen Gupta, Head Teacher cum Manager appeared with Sh. D.R.Goyal, Member of the Managing Committee and Sh. Mukesh Srivastava, Chartered Accountant. They reiterated their request for being allowed to hike the fee, as per their original request.

Discussion:

It is apparent from the above statement that the school had a sum of Rs. 14,86,421 available with it which have been worked out after including a sum of Rs. 19.00 lacs transferred by the school to its parent society in violation of the law laid down by the Hon'ble Supreme Court in the cases of Modern School vs. Union of India (2004) 5 SCC 583 and the Action Committee Unaided Private Schools vs. Director of Education & ors 2009 (11) SCALE 77 as well as the orders issued by the Directorate of Education. The additional liabilities incurred by the school upto 31/03/2010 on account of implementation of VI Pay Commission Report were Rs. 20,80,591 leaving a gap of Rs. 5,94,170 to be filled by fee hike. The arrear fee and incremental fee recovered by the school amounted to Rs. 15,25,400. Apparently the school recovered a sum of Rs. 9,31,230 in excess of its requirements. However, the liabilities on account of leave encashment and gratuity amounting to Rs. 4,12,307 have also to be

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

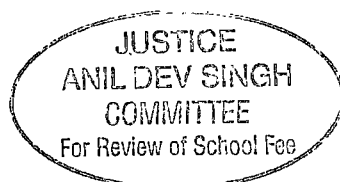
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accounted for. Factoring in these liabilities, the excess recovery by the school was Rs. 5,18,923. It is pertinent to note that we have not yet provided for any reserves to be kept for meeting future contingencies. The Committee has consistently held that the schools ought to retain reserves equivalent to four months salary for this purpose. Based on the salary expenditure for the year 2009-10, the requirement of the school keeping funds in reserve amounts to Rs. 11,49,976. Therefore, the Committee is of the view that no adverse view need be taken of the excess recovery of fee amounting to Rs. 5,18,923. At the same time, the Committee rejects the request of the school to be allowed to further hike the fee for payment of the balance amount of arrears to the staff in view of the fact that the school candidly admitted that it had still to recover a sum of Rs. 11,15,050, almost the same amount which the school has to pay the remaining amount of arrear salary.

Regular Development Fee:

The Committee finds that the school was in compliance with all the pre conditions laid down by the Duggal Committee which were affirmed by the Hon'ble Supreme Court in the case of Modern School (supra). Hence no intervention is required in the matter of regular development fee charged by the school in 2009-10 and 2010-11.

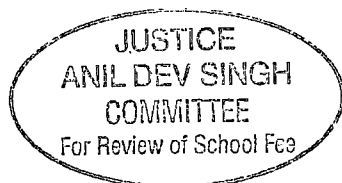


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Arrears of Development Fee for the period 01/09/2008 to 31/03/2009:

As noticed above, the regular development fee charged by the school in 2008-09 was @ 10% of tuition fee. Even in 2009-10, the regular development fee was charged @ 12% of tuition fee. However, for reasons unfathomable, the school recovered the arrears of development fee for the period 01/09/2008 to 31/03/2009 @ 46.42% of the arrears of tuition fee. The order dated 11/02/2009 permitted the school to recover arrears of development fee, which arose as a consequence of hike in tuition fee. The arrears of tuition fee for the above 7 months period were admittedly recovered @ Rs. 2100 per student. The school could have recovered the arrears of consequential increase in development fee @ Rs. 210 per student. However, it recovered the same @ Rs. 975 per student. This recovery of arrear fee w.e.f. 01/09/2008 was in violation of the specific provisions of Section 17(3) of the Delhi School Education Act, 1973, as admittedly no prior approval was sought from the Director of Education for such increase in the middle of the academic year. The Committee is of the view that the excess recovery of Rs. 765 per student on account of excess arrears of development fee for the period 01/09/2008 to 31/03/2009 ought to be refunded along with interest @ 9% per annum.



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Recommendations:

In view of the foregoing discussion, while the Committee does not recommend any refund of arrears of tuition fee or hike in regular fee w.e.f. 01/04/2009, the Committee recommends that the arrears of development fee for the period 01/09/2008 to 31/03/2009 ought to be refunded @ Rs. 765 per student along with interest @ 9% per annum from the date of collection to the date of refund.

Recommended accordingly.

Sd/-

CA J.S. Kochar
Member

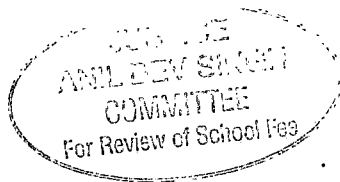
Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Dated: 26/12/2015



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Mount Olivit Sr.Sec. School, Sant Nagar (Burari) Delhi-84.

1. The school responded to the questionnaire issued by the Committee on 27.02.2012. As per the reply:-

(i) The school implemented the recommendations of the Sixth Pay Commission w.e.f. 01.04.2009.

(ii) The school did not hike tuition fee in terms of the order of the Director of Education dated 11.02.2009.

(iii) The school neither collected arrears of fee from the students nor paid arrears of salary to the staff.

(iv) The school did not collect development fee from the students.

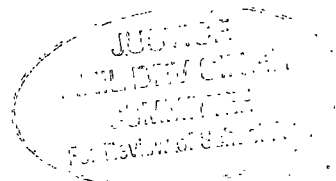
2. The returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education.

3. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. 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 24.09.2013

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Mount Olivit Sr.Sec. School, Sant Nagar (Burari) Delhi-84.

and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11.

5. On 24.09.2013 Sh. Parnav Kumar, Accountant and Sh. Deepk Khatri, UDC of the school attended the Office of the Committee but did not produce complete record. The school availed two more opportunities and finally produced the complete record on 24.10.2013 for the scrutiny by the Audit Officer of the Committee

6. The record, 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 hiked the fee in 2009-10 in terms of the order of the Director of Education dated 11.02.2009. During 2010-11 the hike in tuition fee was by almost 20%.
- (ii) The school claimed to have implemented the recommendations of the Sixth Pay Commission w.e.f. April 2009, but salary to the staff was paid in cash.

7. In order to give an opportunity of being heard to the school, the Committee issued notice dated 29.06.2015 to the school for hearing on 31.07.2015. The notice required the school to furnish the information regarding fee and salaries in a structured format, duly reconciled with the income and expenditure accounts. The notice also required the

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Mount Olivit Sr.Sec. School, Sant Nagar (Burari) Delhi-84.

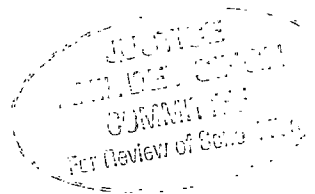
school to furnish details of accrued liabilities of gratuity/leave encashment, if applicable to the school, statement of account of the parent society as appearing in the books of the school, bank statements highlighting the payments of arrear salary, copy of circular issued to the parents.

8. On 31.07.2015, Sh. Shajj Mathai, Manager and Sh. Pranav Kumar, Accountant of the school appeared before the Committee and sought some more time to produce the record. At their request the school was provided another opportunity to produce its record on 28.08.2015.

9. On 28.08.2015, Sh.Shajj Mathai, Manager and Sh. Pranav Kumar ,Accountant of the school appeared before the Committee. It was stated by them that the school did not charge any development fee from the students and neither recovered arrear of fee nor paid arrear salary to the staff. It was further stated that the school hiked the fee in 2009-10 in terms of the order of the Director of Education dated 11.02.2009 and also implemented the recommendations of the 6th.Pay Commission. They conceded that in 2009-10, about 80% of the staff was paid salary in cash. The school did not produce its books of accounts and salary record for examination by the Committee.

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Mount Olivit Sr.Sec. School, Sant Nagar (Burari) Delhi-84.

The school was directed to produce its books of accounts, salary register, bank statement and TDS returns along with a statement of salary paid in cash and by cheques to the Audit Officer of the Committee for verification.

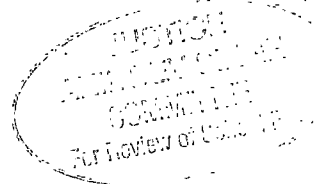
On 08.09.2015 Sh. Shaiji Mathai, Manager and Sh. Pranav Kumar, Accountant produced record before the Audit Officer of the Committee. Mrs. Sunita Nautiyal, Audit Officer of the Committee, after verification of the record recorded as under;-

- i) Salary to almost all the staff members during the period 2008-09 to 2010-11 was paid in cash. Only 2% of the staff was paid salary by cheques.
- ii) The school had purportedly implemented recommendations of the 6th.Pay Commission w.e.f. April 2009.
- iii) The school failed to produce TDS returns.

DISCUSSION

The Committee has perused the record and considered the submissions of the school representatives and observations of the Audit Officer. The following chart would show the exact extent of hike in tuition fee during the years 2008-09 to 2010-11 :-

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Mount Olivit Sr.Sec. School, Sant Nagar (Burari) Delhi-84.

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	The extent of Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I	480	570	90	680	110
II	490	590	100	710	120
III	500	600	100	720	120
IV	510	610	100	730	120
V	520	620	100	740	120
VI	530	640	110	770	130
VII	580	700	120	840	140
VIII	610	730	120	880	150
IX	630	760	130	910	150
X	680	820	140	980	160
XI Arts	930	1120	190	1340	220
XI Comm.	980	1180	200	1420	240
XI Sc.	1030	1240	210	1490	250
XII Arts	930	1120	190	1340	220
XII Comm.	980	1180	200	1420	240
XII Sc.	1030	1240	210	1490	250

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Mount Olivit Sr.Sec. School, Sant Nagar (Burari) Delhi-84.

10. From the above, it is manifest that the school had increased the tuition fee during the year 2009-10 in terms of the order of the Director of Education dated 11.2.2009. During 2010-11, the hike in tuition fee was by 20%.

11. According to school it has implemented the recommendations of the 6th Pay Commission. It is not disputed that the salary has been paid in cash. We find the many schools have taken this plea that they had implemented the recommendations of the 6th Pay Commission by paying the salary/arrears of salary to the teachers in cash/bearer cheques. Such a plea gives a lie to the stand of the school that it had implemented the recommendations of the 6th Pay Commission as there is no plausible and convincing reason, why the payment was not made by bank transfer or by account payee cheques. Therefore, in our view the school has not implemented the recommendations of the Sixth Pay Commission.

12. As per record the school has not charged development fee from the students.

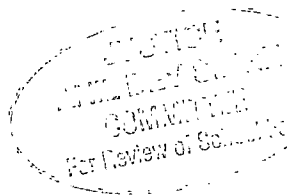
RECOMMENDATION

Re. Fee Hike

Since the school has hiked the tuition fee in 2009-10, in terms of the order of the Director of Education, without

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Mount Olivit Sr.Sec. School, Sant Nagar (Burari) Delhi-84.

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.

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, for above mentioned classes, 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

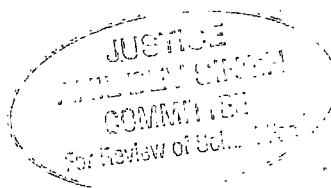
Sd/-

Dr. R.K. Sharma
Member

Dated :- 20.10.2015

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Secretary

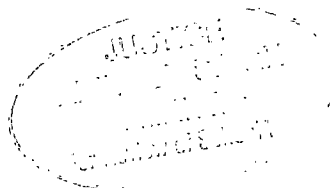


B.C.C. Public School, Azadpur, Delhi-110033

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the schools 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.
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.
3. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. 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 30.09.2013 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.

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B.C.C. Public School, Azadpur, Delhi-110033

5. On 30.09.2013, Sh. Ram Prasad Bhadula, Principal and Sh. Ajay Bhadula, T.G.T. of the school attended the office of the Committee and produced record. Reply to the questionnaire was also filed. As per the reply:-

- (i) The school had implemented the recommendations of the 6th Pay Commission w.e.f. 01.04.2009.
- (ii) The school had hiked the fee in terms of the order of the Director of Education dated 11.02.2009. w.e.f. 01.04.2009.
- (iii) The school had collected development fee.

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 has claimed to have implemented the recommendations of the 6th Pay Commission w.e.f. 01.07.2009, but HRA, TA and DA has not been paid as per the prescribed norms. Even the basic pay was not fixed as per the norms.
- (ii) The school has claimed to have paid arrear of salary to the staff in two instalments.
- (iii) Salary and arrear of salary has been paid in cash.

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B.C.C. Public School, Azadpur, Delhi-110033

- (iv) The school hiked tuition fee in 2009-10 in terms of the order of the Director of Education dated 11.02.2009. During 2010-11, hike in fee was by Rs. 10%.
- (iii) The school had collected development fee from the students.
- (iv) TDS and PF had not been deducted from the salary of the staff.

The Audit Officer after examination of the original record produced by the school returned the same to the representatives of the school.

7. By notice dated 06.04.2015, the school was asked to appear on 21.04.2015 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 21.04.2015, Sh. Ram Prasad Bhadula, Principal and Sh. Ajay Kumar, Admn. Incharge of the school appeared before the Committee and produced record. It was submitted that the school did not fully recover the arrear fee as envisaged in the order dated 11.02.2009 of the Director of Education. As per the order, the school could have recovered arrears of Rs. 2700/- for the period 01-01-2006 to 31-03-2009, but it actually recovered arrears @ Rs.1000/- per student, keeping in view the financial condition of the parents. The total arrear fee

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recovered by the school was Rs. 4,70,250/- as against which the school paid arrear salary of Rs. 3,03,999/-. They further submitted that the school hiked the regular monthly fee by Rs. 100/- p.m. w.e.f. 01-04-2009. It was submitted that the school partially implemented the recommendations of the 6th Pay Commission w.e.f. 01-04-2009, in as much as only the basic salary and Grade Pay was paid. HRA and TA were not paid at all and even the DA could not be paid at the applicable rate on account of paucity of funds.

With regard to development fee, the representatives stated that the school has charged development fee from the students but no separate earmarked development and depreciation reserve fund were maintained and the same was treated as a revenue receipt.

The Committee had examined the records of the school and found that the arrear salary as well as the regular salary continues to be paid in cash, despite the claim of having implemented the recommendations of the 6th Pay Commission w.e.f. 01-04-2009. The school had never deducted PF and TDS and did not even have a TAN.

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B.C.C. Public School, Azadpur, Delhi-110033**Discussions and findings**

9. We have gone through the record and submissions made by the representatives on behalf 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	320	420	100	460	40
II	330	430	100	470	40
III & IV	340	440	100	485	45
V & VI	360	460	100	505	45
VII	370	470	100	515	45
VIII	400	500	100	550	50

10. From the above, it is obvious that the school had increased the fee during the year 2009-10, in terms of the order of the Director of Education dated 11/02/2009. However, during 2010-11, the hike was by 10%.

11. According to school it has partially implemented the recommendations of the 6th Pay Commission, but salary and arrears to

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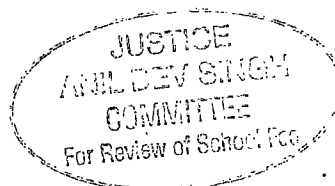
B.C.C. Public School, Azadpur, Delhi-110033

the staff has been paid in cash. We find that many schools have taken this plea that they had implemented the recommendations of the 6th Pay Commission by showing payment of salary and arrears of salary to the teachers in cash. The stand of the school that it had implemented the recommendations of the 6th Pay Commission does not inspire confidence as there is no plausible and convincing reason, why the payments were not made by bank transfer or by account payee cheques. In the circumstances the stand of the school that it has implemented the recommendations of the 6th Pay Commission even partially and has also paid the arrears of salary is a ruse and cannot be accepted.

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 the year 2009-10 in

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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.

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 from the date of its collection to the date of its refund.

Re. Fee Arrears

The school also ought to refund an amount of Rs. 4,70,250.00 collected from the students as arrears of fee, along with interest @ 9% per annum from the date of its collection to the date of its refund.

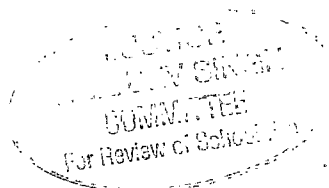
Re. Development Fee.

The school has charged development fee from the students in the following manner;

<u>Year</u>	<u>Development Fee Charged</u>
2009-10	Rs. 2,54,516.00
2010-11	Rs. 1,01,985.00

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The development fee has been treated as a revenue receipt and no separate depreciation reserve fund and development fund had been maintained.

In the circumstances, 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, the Development Fee charged by the school to the tune of Rs. 3,56,501.00 during the years 2009-10 and 2010-11 in the garb of the order of the Director of Education dated 11.02.2009 was not in accordance with law. This being so, the school ought to refund the aforesaid development fee 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

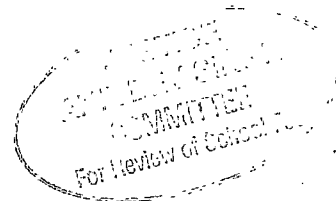
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated : 10.08.2015

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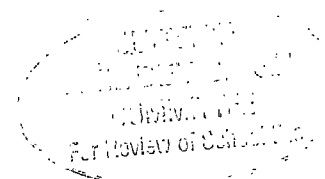
Secretary



Little Flowers Public School Shivaji Park, Shahdara, Delhi-110032

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the schools 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.
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.
3. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. 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 13.06.2012, required the school to appear on 16.07.2012

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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 16.07.2012 Mrs. Neeta Dua, Principal of the school attended the Office of the Committee and produced the record for the scrutiny by the Audit Officer of the Committee. Reply to the questionnaire was also filed. As per the reply;-

(i) The school had implemented the recommendations of the 6th Pay Commission w.e.f. 01.04.2009.

(ii) The school had hiked the tuition fee in terms of the order of the Director of Education dated 11.02.2009, w.e.f. 01.04.2009.

(iii) The school had collected development fee from the students.

6. The record, in the first instance, was examined by Mrs. Sunita Nautiyal, Audit Officer of the Committee. She observed to the effect that:

(i) The school has hiked fee by Rs.200/- in 2009-10. During 2010-11 the hike had been by 10%.

(ii) The school has claimed to have implemented the recommendations of the 6th Pay Commission w.e.f April 2009.

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(iii) The school has introduced development fee @ 15% of the tuition fee in 2009-10.

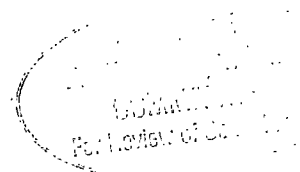
The Audit Officer after examination of the original record produced by the school for scrutiny returned the same to the representatives of the school.

7. By notice dated 29.04.2015, the school was asked to appear on 26.05.2015 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 26.05.2015, Ms. Neeta Dua, Principal, Mrs. Sudha Devi Arora, Head Clerk and Mrs. S. Kamala Accountant of the school appeared before the Committee and produced records. They contended that the school did not charge any arrear fee but had paid a sum of Rs. 13,83,500/- as arrear salary out of its own resources. The school hiked the fee w.e.f. 01.04.2009 as per the order of the Director of Education dated 11.02.2009. The school introduced development fee for the first time w.e.f. 01.04.2009. The total collection on this count was Rs. 51,38,755/- in 2009-10 and Rs. 78,24,770/- in 2010-11. The development fee was treated as revenue receipt and utilized for meeting

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Little Flowers Public School Shivaji Park, Shahdara, Delhi-110032

routine revenue expenses. No earmarked funds were maintained for development and depreciation reserve. With regard to implementation of the recommendations of the Sixth Pay Commission, the representatives contended that the same were implemented partially w.e.f. 01.04.2009.

The Committee has observed that the salary and arrears of salary were paid in cash.

6. 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	850	1150	300	1160	10
III	850	1200	350	1180	-20
IV	870	1200	330	1180	-20
V	870	1220	350	1190	-10
VI	880	1220	340	1190	-30
VII & VIII	880	1230	350	1190	-40
IX & X	980	1230	250	1340	110
XI & XII	1200	1450	250	1580	130

7. From the above, it is manifest that the school has increased the fee during the year 2009-10, in excess of the limit prescribed by the order of the Director of Education, dated 11.2.2009. During 2010-11, fee

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reduced by Rs.10/- to 40/- for classes III to VIII, but at the same time fee was hiked by Rs.10/- for classes I and II and by about 10% for classes IX to XII.

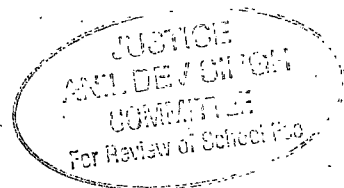
8. According to school it has implemented the recommendations of the 6th Pay Commission. The salary has been paid in cash. We find the many schools have taken this plea that they had implemented the recommendations of the 6th Pay Commission by paying the salary/arrears of salary to the teachers in cash/bearer cheques. Such a plea is not acceptable as there is no plausible and convincing reason, why the payment was not made by bank transfer or by account payee cheques. Therefore, in the opinion of the Committee, school did not implement the recommendations of the Sixth Pay Commission.

RECOMMENDATIONS**Re. Fee Hike**

Sine the school had hiked the tuition fee in 2009-10, in excess of the limit prescribed by the order of the Director of Education, dated 11.2.2009 and that too 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

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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.

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 for classes IX to XII, ought also to be refunded along with interest @9% per annum from the date of its collection to the date of its refund.

Re. Development Fee.

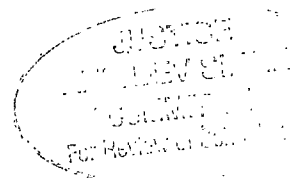
The school has charged development from the students in the following manner;

<u>Year</u>	<u>Development Fee Charged</u>
2009-10	Rs. 51,38,755.00
2010-11	Rs. 78,24,770.00

The development fee has been treated as a revenue receipt and had been utilized for incurring revenue expenses and no separate depreciation reserve fund and development fund had been maintained.

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Little Flowers Public School Shivaji Park, Shahdara, Delhi-110032

In the circumstances, 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, the Development Fee charged by the school to the tune of Rs. 12,963,525.00 during the years 2009-10 and 2010-11 in the garb of the order of the Director of Education dated 11.02.2009 was not in accordance with law. This being so, the school ought to refund the aforesaid development fee along with interest @ 9% per annum from the date of its collection to the date of its refund.

Recommended accordingly.

Sd/-
J.S. Kochhar
Member

Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated : 01.08.2015

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Vidya Niketan, D Block, Saket, New Delhi-110017

In order to elicit the relevant information from the schools to arrive at proper conclusions with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school). As no reply was received from the school, a reminder was issued on 27/03/2012, which also remained unresponded. The Committee had also not received copies of the annual returns filed by the school under Rule 180 of Delhi School Education Rules, 1973 from the office of the concerned Dy. Director of Education. However, the school subsequently furnished copies of audited balance sheets and Income & Expenditure accounts for the years 2006-07 to 2010-11.

As these documents were not adequate for examining the justification of hike in fee that might have been effected by the school in pursuance of order dated 11/02/2009, the Committee issued a notice dated 06/09/2013, requiring the school to furnish its annual returns filed under Rule 180 of Delhi School Education Rules, 1973 and its fee structures, for the years 2008-09 to 2010-11. Further, the school was required to produce its books of accounts, bank statements, salary registers, PF returns and TDS returns in the office of the Committee on 03/10/2013, for verification by the audit officer. A revised questionnaire was also issued to the school, incorporating therein, the relevant questions regarding receipt and utilisation of development fee and maintenance of earmarked accounts for

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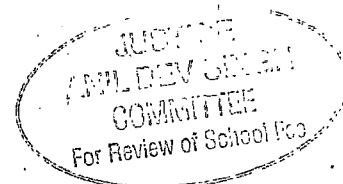
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development and depreciation reserve funds, besides the questions regarding the fee and salary hike consequent to implementation of VI Pay Commission report.

On 06/09/2013, Sh. Mohammad Shahid, Manager and Sh. Rajat Sethi, Accountant of the school appeared before the audit officer of the Committee and filed the required documents and also produced the necessary records. They also filed reply to the questionnaire issued by the Committee. As per the reply filed by the school,

- (a) It had implemented the recommendations of VIth Pay Commission w.e.f. 01/04/2009.
- (b) It had paid the arrears of salary for the period 01/01/2006 to 31/03/2009.
- (c) It had hiked the fee in pursuance of order dated 11/02/2009 issued by the Director of Education w.e.f. 01/04/2009.
- (d) It had recovered the arrears of fee for the period 01/01/2006 to 31/08/2008 as well as 01/09/2008 to 31/03/2009.
- (e) It was charging development fee in all the five years i.e. 2006-07 to 2010-11, for which information was sought.
- (f) The development fee was treated as a capital receipt by the school.
- (g) Depreciation of assets was separately booked under depreciation fund.

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- (h) There was no unutilised development fund as at the end of 2006-07 to 2010-11 as the school was continuously acquiring assets out of development fee.

Along with the reply, the school filed a copies of the pay bill for the month of March 2009 and May 2009 to show the increase in salary on account of implementation of VI Pay Commission report. Another statement was filed showing arrear payment of Rs. 12,39,590 to the staff for the period Jan 2006 to August 2008. A comparative chart showing the fee structure of the school for the years 2008-09, 2009-10 and 2010-11 was also filed. As per this chart, the school increased the tuition fee from Rs. 1500 per month to Rs. 1800 per month for pre school, from Rs. 1675 per month to Rs. 2075 per month for classes I to X and from Rs. 1825 per month to Rs. 2225 per month for classes XI & XII, w.e.f. 01/04/2009. Similarly, as per the aforesaid chart, the school increased development fee from Rs. Nil to Rs. 170 per month for pre school and from Rs. 70 to Rs. 170 per month for classes I to XII.

The school also filed a statement showing that it had recovered arrear fee from Jan 2006 to March 2009, the aggregate of which was Rs. 14.17 lacs. The total development fee received by the school for the years 2009-10 and 2010-11 was Rs. 13,01,560 and Rs. 12,96,530 respectively. The school also furnished details of the utilisation of development fee for each year. As per the details submitted, bulk of

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the development fee was utilised for construction/expansion of building and for purchase of school bus/cab and staff car.

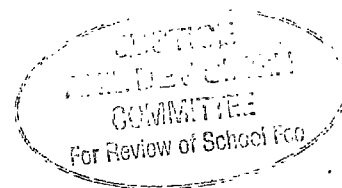
The records produced by the school were verified by Sh. A.D. Bhateja, audit officer of Committee and he observed that:

- (a) the school had not merged dearness pay (50% of DA) as per orders of the government and therefore DA and HRA was paid on basic pay only. After implementation of VI Pay Commission, though the school raised the salary as per the recommendations, DA was paid @ 16% which was slightly less than the then prevailing rate of 22%..
- (b) The salary was paid by account payee cheques. However, it was paid in cash to class IV employees.
- (c) The school had paid a sum of Rs. 12,39,590 as arrear salary.
- (d) The fee charged by the school was in accordance with the fee structure filed by it. Further the school recovered a sum of Rs. 14.17 lacs for the period 01/01/2006 to 31/03/2009.
- (e) The school was maintaining proper books of accounts.

The Committee issued a notice dated 23/01/2015 fixing the hearing of the school on 18/02/2015 and also required the school to furnish the aggregate figures of arrear fee for different periods, regular tuition fee for 2008-09, 2009-10 and 2010-11, arrear salary and regular salary for these years, duly reconciled with the audited Income & Expenditure Account. The school was also required to furnish bank

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statements highlighting payment of salaries, the statement of account of the trust/ society running the school as appearing in its books, details of accrued liabilities, gratuity and leave encashment.

On the date of hearing, Sh. Mohammad Shahid, Manager of the school appeared along with Sh. Rajat Sethi, Accounts Officer. They furnished the information as per the notice of the Committee.

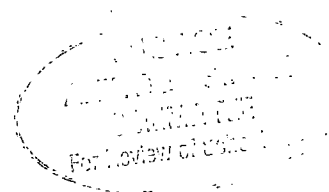
The following details with regard to arrear fee, regular fee, arrear salary and regular salary for the years 2008-09 to 2010-11 were furnished:

Fee	2008-09	2009-10	2010-11	Total
Arrear fee for the period from 01.01.2006 to 31.08.2008	3,61,390	12,01,500	19,340	15,82,230
Arrear fee (Tuition fee) for the period from 01.09.2008 to 31.03.2009	6,37,156	8,88,034	10,500	15,35,690
Arrear fee (Development fee) for the period from 01.09.2008 to 31.03.2009	1,65,274	2,30,906	3,290	3,99,470
Regular/ Normal Tuition Fee	1,26,48,755	1,58,11,295	1,72,32,100	
Salary				
Arrear Salary for 01.01.2006 to 31.08.2008	0	12,25,319	0	12,25,319
Arrear Salary for 01.09.2008 to 31.03.2009	0	20,94,354	0	20,94,354
Regular/ Normal Salary	54,32,315	87,31,531	1,05,60,689	

The representatives of the school also filed an employee wise detail of the accrued liability of the school towards gratuity as on

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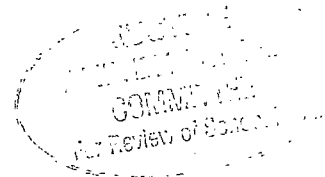


31/03/2010. The aggregate amount of the liability was mentioned to be Rs. 8,33,769.

During the course of hearing, the representatives of the school contended that the regular salary as well as arrears were paid by account payee cheques after proper deduction of TDS and Provident Fund. They took us through the bank statements of the school as well as TDS and PF Returns to buttress their argument.

The Committee observed that in the year 2008-09, as per the original fee schedule for that year, the school was charging a fixed amount of Rs. 70 per month as development fee, irrespective of amount of the tuition fee. However, while recovering the arrear fee for the period 01/09/2008 to 31/03/2009, the school charged the differential amount between 15% of annual tuition fee and the amount of Development fee already charged. In effect, the school revised the development fee to 15% of the tuition fee retrospectively w.e.f. 01/04/2008. The Committee raised a query from the representatives of the school as to how the school could retrospectively increase the fee in the face of the provisions of section 17(3) of Delhi School Education Act, 1973 without the prior approval of the Director of Education. In reply, the representatives relied on clause 14 of the order dated 11/02/2009 and contended that the Director of Education had, by issuing this order, given its approval to do so.

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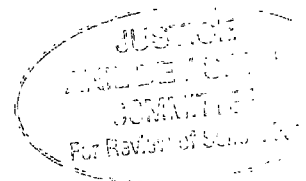
Discussion & Determination:

At the outset, it needs to be stated that initially, the school took the matter in a very casual manner. It did not submit reply to the initial questionnaire issued by the Committee which was followed by a reminder also. When the school did submit its reply to the revised questionnaire, it furnished inaccurate information either on account of negligence of its staff or by design. It stated that only a sum of Rs. 14.17 lacs was recovered as arrear fee and a sum of Rs. 12,39,590 was paid as arrear salary to the staff consequent upon implementation of VI Pay Commission report. However, when the school was asked to reconcile these amounts with its audited financials, it conveniently changed its stand. It now stated that it had recovered a sum of Rs. 35,17,390 (15,82,230+15,35,690+3,99,470) as arrear fee, and paid a sum of Rs. 33,19,673 (12,25,319 + 20,94,354) as arrear salary.

The Committee on perusal of its audited financials, also observed that the school had taken various loans for construction of building, purchase of buses and cars and was making repayment of principal amounts as well as interest thereon from the funds raised by way of fee from the students. Prima facie, the Committee was of the opinion that the amount of loans repaid during the period 01/04/2006 to 31/03/2010, ought to be considered as funds available with the school as they had been diverted for a purpose

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which was not permissible. Accordingly, the diversion of funds for incurring capital expenditure was worked out by the Committee as per the following details:

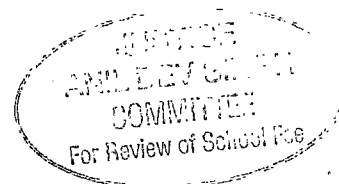
<u>Statement showing diversion of funds towards repayment of loans and interest</u>				
	31.3.2007	31.3.2008	31.3.2009	31.3.2010
Secured Loans (for building, buses & cars)	8,658,502	7,296,549	7,378,795	5,475,313
Decrease in Secured Loans in 2007-08	1,361,953			
Decrease in Secured Loans in 2008-09	(82,246)			
Decrease in Secured Loans in 2009-10	1,903,482			
Interest on loans paid in 2006-07	1,038,612			
Interest on loans paid in 2007-08	1,065,605			
Interest on loans paid in 2008-09	870,788			
Interest on loans paid in 2009-10	808,081			
Total Diversion of funds towards repayment of loans and interest	6,966,275			

Calculation Sheet:

After factoring in the above diversion, the Committee prepared the following calculation sheet:

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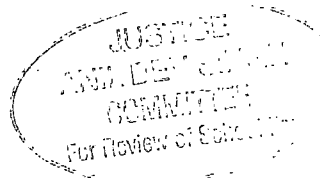
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Statement showing Fund available as on 31.03.2008 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report			
	Particulars	Amount (Rs.)	Amount (Rs.)
	Funds apparently diverted in payment of interest and repayment of loans from 2006-07 to 2009-10		6,966,275
	<u>Current Assets + Investments</u>		
	Cash in hand		
	Bank Balance	394,829	
	Fixed Deposits	2,898,556	
	Loans and advances	217,485	
		561,617	4,072,487
Less	<u>Current Liabilities</u>		11,038,762
	Outstanding Liabilities		
	Cont. of PF employees	1,201,808	
	Fee received in advance	47,044	
	Security Fund	603,550	
	Cancer Patients Aid Association	649,541	
		21,375	2,523,318
	Net Current Assets + Investments + Funds diverted		8,515,444
	Total Liabilities after implementation of VIth Pay Commission:		
Less	Arrear of 6th CPC from 01.01.2006 to 31.08.2008	1,225,319	
	Arrear of 6th CPC from 01.09.2008 to 31.03.2009	2,094,354	
	Incremental Salary in 2009-10 as per calculation given below	3,299,216	6,618,889
	Excess / (Short) Fund Before Fee Hike		1,896,555
Add	Total Recovery after VI th Pay Commission		
	Arrears of tuition fee from 01.01.2006 to 31.08.2008	1,582,230	
	Arrears of tuition fee from 01.09.2008 to 31.03.2009	1,535,690	
	Arrears of development fee from 01.09.2008 to 31.03.2009	399,470	
	Incremental Tuition Fee in 2009-10 as per calculation given below	3,162,540	6,679,930
	Excess / (Short) Fund After Fee Hike		8,576,485
Less	Reserves required to be maintained:		
	for future contingencies (equivalent to 4 months salary)	2,910,510	
	for Gratuity as on 31.03.2010	833,769	3,744,279
	Excess / (Short) Fund		4,832,206

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Vidya Niketan, D Block, Saket, New Delhi-110017**Amount of Fee refundable:**

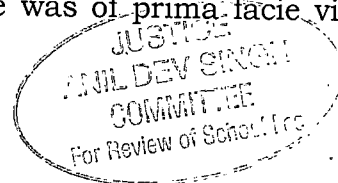
1	Excess fee hiked for implementation of 6th Pay Commission Report	4,832,206
2	Development fee for the years 2009-10 and 2010-11 as earmarked Development Fund and Depreciation Reserve Fund accounts are not maintained:	
	(a) For 2009-10	1,301,560
	(b) For 2010-11	1,296,530
	Total amount refundable	<u>7,430,296</u>

Working Notes:

	2008-09	2009-10
Regular/ Normal Salary as per I & E Account	<u>5,432,315</u>	8,731,531
Incremental Salary in 2009-10 as per I & E A/c	<u>3,299,216</u>	
Regular/ Normal Tuition Fee as per I & E Account	<u>12,648,755</u>	15,811,295
Incremental Tuition Fee in 2009-10 as per I & E A/c	<u>3,162,540</u>	

On the basis of the aforesaid calculation sheet, the Committee felt that the school had available with it a sum of Rs. 85,15,444 as on 31/03/2008, after factoring in the diversion of funds for capital expenditure. However, the Committee has taken a consistent view that the schools ought to retain sufficient funds in reserve for meeting its accrued liabilities on account of gratuity, leave encashment and for future contingencies. In this case, the accrued liability of gratuity was a sum of Rs. 8,33,769 as on 31/03/2010 and the requirement of the school to keep funds in reserve for future contingencies (equivalent to four months' salary) was Rs. 29,10,510. The school did not furnish any statement for accrued liability of leave encashment, presumably for the reason that there existed no such liability. Thus, on the basis of the aforesaid calculations, the Committee was of prima facie view

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that the school was required to keep a sum of Rs. 37,44,279 in reserve, leaving the school with a sum of Rs. 47,71,165, which it could have utilised for implementing the recommendations of VI Pay Commission. The total impact of the implementation of the recommendations of VI Pay Commission upto 31/03/2010 was Rs. 66,18,889, resulting in a gap of Rs. 18,47,724, which needed to be bridged by hiking the fee and recovering the arrear fee. However, the school generated the sum of Rs. 66,79,930 by way of fee hike as against the gap of Rs. 18,47,724. Thus, it seemed to us at that stage that the school recovered a sum of Rs. 48,32,206, in excess of its requirement.

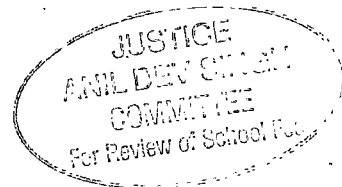
Incremental Development Fee:

As noticed supra, the school was originally charging development fee @ Rs. 70 per month irrespective of the amount of tuition fee. In other words, the development fee charged by the school was not linked to the tuition fee. In this scenario, any increase in tuition fee w.e.f. 01/09/2008, could not have resulted in any increase in development fee. Clause 15 of the order dated 11/02/2009, by which the increase in fee was allowed to the schools stated as under:

"15. However, the additional increase in Development Fee on account of increase in tuition fee shall be utilised for the purpose of meeting any shortfall on account of salary/arrears only."

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Thus, development fee was allowed to be increased w.e.f. 01/09/2008, only if such increase was on account of increase in tuition fee. As the development fee was not linked to the tuition fee, the increase in tuition fee could not have resulted in an increase in development fee. This clause did not permit the schools to raise the development fee to 15% of tuition fee if the schools were charging development fee at a rate lesser than 15%. However, the school has relied on clause 14 of the aforesaid order dated 11/02/2009. The same reads as follows:

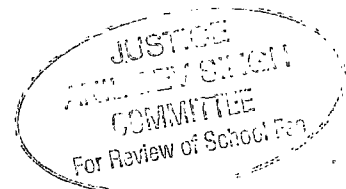
"14. Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixtures and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with income generated from the investment made out of this fund, will be kept in a separately maintained Development Fund Account."

As would be apparent from a reading of the aforesaid clause, the reliance placed by the school on this clause for revising the development fee to 15% of tuition fee for the year 2008-09 is wholly misplaced for two reasons. Firstly, the development fee as envisaged

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in clause 14 is for purchase of fixed assets like furniture, fixtures and equipments and not for meeting the shortfall on account of implementation of the recommendations of VI Pay Commission and secondly this clause cannot be read to be of retrospective effect in nature.

In view of the foregoing discussion, the additional fee recovered by the school by way of incremental development fee, amounting to Rs. 3,99,470 was wholly unjustified and unauthorized. However, since this amount has already been taken into consideration while working out the excess fee recovered by the school, no separate recommendation for its refund is required to be made.

Regular Development Fee:

As is apparent from reading of clause 14 of the order dated 11/02/2009, as reproduced supra, it is clear that development fee can be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with income generated from the investment made out of this fund, will be kept in a separately maintained Development Fund Account."

This stipulation has been made in the order on the basis of the recommendations of 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 Duggal Committee made the following

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recommendations regarding charging of development fee by the schools:

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'.
(Para 7.21)

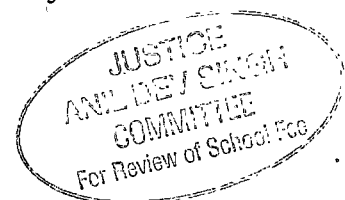
While approving the recommendation of the Duggal Committee, the Hon'ble Supreme Court held as follows:

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

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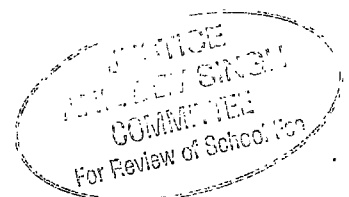
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that development fees not exceeding 10% to 15% of total annual tuition fee shall be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixtures and equipments. It further states that development fees shall 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.

It is thus apparent that maintenance of earmarked accounts of development fund and depreciation reserve fund are pre requisites for charging development fee by the schools. Further the development fee

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can be utilised for purchase of furniture, fixture or equipments. However, in the instant case, the school utilised major part of development fee for building construction and purchase of buses and cars. The school did not maintain any earmarked accounts for development fund and depreciation reserve fund as mandated by the Duggal Committee and the Hon'ble Supreme Court. The development fund and depreciation reserve fund were maintained only in the books of the accounts of the school, which does not meet with the requirement of law. Hence, the Committee was of the prima facie view that even the regular development fee charged by the school was not in accordance with law. The amount charged in 2009-10 and 2010-11, in pursuance of order dated 11/02/2009 was Rs. 13,01,560 and Rs. 12,96,530 respectively. Thus the Committee was of the view that these amount ought also be refunded to the students.

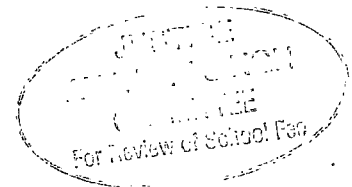
To sum up the Committee formed a prima facie view that the school ought to refund the following amounts:

(a) Excess fee hiked/recovered for	
Implementation of VI Pay Commission report	Rs. 48,32,206
(b) Development fee for 2009-10	Rs. 13,01,560
(c) Development fee for 2010-11	Rs. 12,96,530
Total	Rs. 74,30,296

In order to give an opportunity to the school to have its say on the tentative conclusions arrived at by the Committee, a fresh notice

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of hearing was issued to the school for hearing on 31/08/2015. Along with the notice, a copy of the calculation sheet was also enclosed for the school to have its say.

On the date of hearing, Sh. Mohammad Shahid and Sh. Rajat Sethi again appeared and filed written submission dated 31/08/2015. They were also heard by the Committee. During the course of hearing, they reiterated what was contained in the written submissions filed by them. Along with the written submissions, the school also filed a copy of its own calculation sheet showing that the school was in deficit to the tune of Rs. 21,34,069 after implementing the recommendations of VI Pay Commission, as against a surplus of Rs. 48,32,206, as worked out by the Committee.

On comparing the two calculation sheets, it is apparent that the only difference between the calculations made by the Committee and those made by the school was on account of the funds amounting to Rs. 69,66,275, which the Committee had considered as deemed to be available with the school as the same had been utilised for capital purposes i.e. repayment of loans taken for acquiring buses and cars and construction of building and interest on these loans. The school did not dispute any other figure taken by the Committee in its calculation sheet.

With regard to the amount of Rs. 69,66,275, the school contended that when the school was initially set up, its premises was

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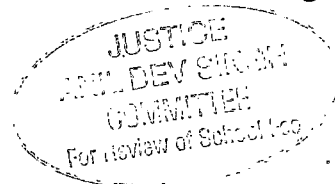
located in the center of D Block of Saket as a result of which the residents welfare association of the locality filed a writ petition in the Delhi High Court of eviction of school as it was causing inconvenience to the residents of the locality. While the matter was under litigation, the DDA allotted an alternate site to the school on the edge of the block so that it may not cause any inconvenience to the residents. Consequently the school had to demolish its existing structures and had to construct a new building. While the old building was fully funded by the parent society, for constructing a new building, the school had to perforce take a loan from Vijaya Bank. It was contended that in these circumstances, the repayment of loan for construction of new building and the payment of interest thereon, ought not to be considered as diversion of funds for capital expenditure as the same was forced upon the school for no fault of it. The school had not taken any loan for constructing the original building.

The Committee finds merit in the contention of the school. The repayment of loan taken for construction for new building and interest thereon cannot be considered as payment on capital account, as no new asset has come into existence. The old building has been replaced by the new building and this became necessary for reasons beyond the control of the school. When the Committee prepared the preliminary calculation sheet, it was not aware of the fact that the old building of the school had to be demolished and a new building had to

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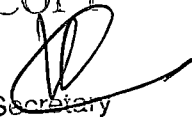
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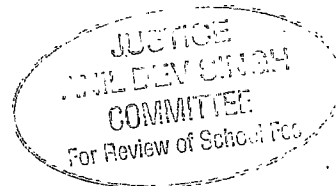
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be constructed and the school had taken loan for the purpose of constructing the new school building. The total repayment of building loan, which was included in the total repayment of all the secured loans from 2007-08 to 2009-10, in the preliminary calculation sheet, was Rs. 31,34,119. The total interest payment on building loan from 2006-07 to 2009-10, which was taken in the preliminary calculation sheet was Rs.31,44,049 (worked out on proportionate basis). Hence, the Committee will exclude a sum of Rs. 62,78,168 (31,34,119 + 31,44,049) from the amount which had been taken as deemed to be available with the school for the purpose of implementation of 6th Pay Commission Report. The net effect of excluding this amount would result in the school being in deficit to the tune of Rs. 14,45,962, as against a surplus of Rs. 48,32,206 determined in the preliminary calculation sheet. The Committee will duly factor in this figure while making the final determinations. With regard to regular development fee, the school could not make out any case to show that it was compliant with the pre-conditions laid down by the Duggal Committee which were affirmed by the Hon'ble Supreme Court in the case of Modern School (supra). On the contrary, the representatives of the school conceded during the course of hearing that the school was not maintaining any earmarked bank accounts for Development Fund and Depreciation Reserve Fund. The contention that the school had fully utilised the development fund is misplaced as the utilisation was for the purpose of construction of building and purchase of buses and

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cars which are not the permitted purposes for which development fund can be utilised. Moreover, the utilisation of development fund does not obviate the necessity of maintaining earmarked Development Fund and Depreciation Reserve Fund Accounts.

In view of the foregoing discussion, the Committee confirms its view regarding refund of development fee charged by the school in 2009-10 and 2010-11. However, the school will be entitled to set off the deficiency on account of implementation of 6th Pay Commission Report as per the above discussion.

Determination

In view of the foregoing discussion, the school ought to refund a sum of Rs. 11,52,128 alongwith interest @ 9% per annum out of development fee for the year 2010-11, as worked out below:

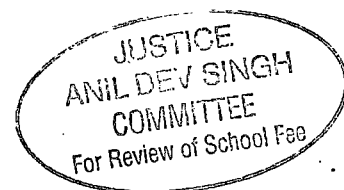
Development Fee for 2009-10	13,01,560
Development Fee for 2010-11	<u>12,96,530</u>
	25,98,090
Less: Deficiency in tuition fee	<u>14,45,962</u>
Net Amount refundable	<u>11,52,128</u>

Recommendations:

In view of the foregoing discussion and determinations, the Committee recommends that the school ought to refund a sum of Rs.11,52,128 out of development fee charged in the year 2010-

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11, alongwith interest @ 9% per annum from the date of collection to the date of refund.

Sd/-
CA J.S. Kochar
Member

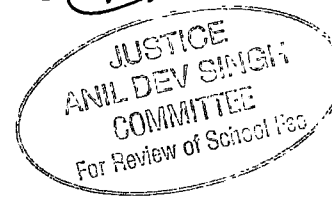
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated: 14/09/2015

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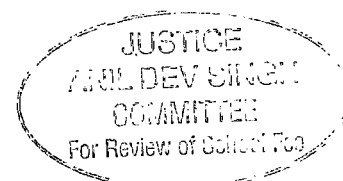


St. George's School, Defence Colony, New Delhi-110024

In order to elicit the relevant information from the schools to arrive at a proper conclusion with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school). This was followed by a reminder dated 27/03/2012. However, no response was received from the school. Vide notice dated 16/07/2012, the Committee required the school to produce on 27/07/2012 in its office, copies of fee receipts and salary payment registers, besides a detail of arrear fee received from the students. However, again neither anybody appeared on that date nor any records were caused to be produced for verification by the Committee. On perusal of the annual returns filed by the school under Rule 180 of Delhi School Education Rules, 1973, the Committee observed that the schedules forming part of audited balance sheet for the year 2010-11, were not submitted by the school. The Committee sent another letter dated 03/12/2013 requiring the school to furnish the said schedules in the office of the Committee latest by 10/12/2013. A revised questionnaire was also issued to the school incorporating therein the relevant queries regarding receipt and utilisation of development fee and maintenance of development fund and depreciation reserve fund by the school, besides the queries raised vide the earlier questionnaire dated 27/02/2012 regarding fee hike and salary hike consequent to implementation of VI Pay Commission report. Again no reply was received from the school. Another reminder dated 10/01/2014 was sent by the Committee for furnishing the aforesaid documents by 20/01/2014. This time, the

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school responded vide its letter dated 20/01/2014 which was received in the office of the Committee on 17/02/2014. The school gave very cryptic but specific replies. It stated as follows:

- (a) VI Pay Commission was implemented w.e.f. 1st January 2006.
- (b) Monthly salary of staff before implementation of VI Pay Commission was Rs. 48,363 and after its implementation, it was Rs. 85,668.
- (c) Arrear salary calculation was to the effect that a sum of Rs. 5,77,402 was payable for the period January 2006 to August 2008 and Rs. 1,70,113 for the period September 2008 to June 2009.
- (d) Fee of the students was increased w.e.f. 1st September 2008. Prior to revision, the school charged monthly tuition fee of Rs. 788 and monthly development fee of Rs. 79. However, after revision, the monthly tuition fee charged by the school was Rs. 988 and monthly development fee charged was Rs. 148.
- (e) School recovered arrears amounting to Rs. 4,576 per student which were as follows:

Arrears	Rs. 2,500
Tuition Fee & Development Fund (01/09/08 to 31/03/09)	Rs. 2,076
Total	<u>Rs. 4,576</u>

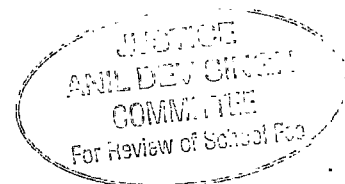
The arrear fee was collected on the following dates:

31/03/2009	Rs. 1942
31/07/2009	Rs. 692
30/09/2009	Rs. 1942

"As per rule, we had collected only 2/3 of arrear from the students who got admission in 2007 and also we collected 1/3 of arrear from the students who got admission in 2008".

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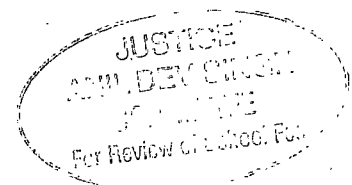
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- (f) The school collected development fee in all the five years for which the information was sought i.e. 2006-07 to 2010-11. The development fee recovered in 2009-10 was **Rs. 2,06,059** while that recovered in 2010-11 was **Rs. 1,46,702.** The development fee is credited to development fund shown in the balance sheet and this fund is used to meet for over all development of the school.
- (g) Development fund (fee) is treated as a capital receipt. However, since the school has incurred deficit during the years, the development fund has been used to meet the deficit.
- (h) Depreciation reserve fund is maintained but the same as well as unutilised development fund are not kept in earmarked bank account, FDRs or investments.

Believing the reply furnished by the school to be true, relevant calculations were required to be made to examine the justifiability of hike in fee and recovery of arrear fee for implementation of the recommendations of VI Pay Commission. Accordingly a notice dated 26/05/2015 was issued to the school requiring it to furnish within 10 days, the aggregate figures of arrear fee for different periods, regular tuition fee for 2008-09, 2009-10 and 2010-11, arrear salary and regular salary for these years, duly reconciled with the audited Income & Expenditure Account. The school was also required to furnish bank statements highlighting payment of salaries, the statement of account of the trust/ society running the school as appearing in its books, details of

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accrued liabilities, gratuity and leave encashment. However, no reply was furnished by the school. In order to afford a specific hearing to the school, the Committee issued a notice dated 20/08/2015, fixing the hearing on 10/09/2015. The notice was complied with by the school and Sh. Gopan P.K., Manager Accounts appeared with Sh. Jinu Samuel, Accountant. They did not furnish any information, as sought by the Committee, except a bare statement which was a summarized position of Income & Expenditure Accounts of the school for the years 2008-09, 2009-10 and 2010-11. They submitted that:

- (a) The school is very small, having about 50 students and although it increased the salaries in 2009-10, the increase was in accordance with the recommendations of the VI Pay Commission.
- (b) The school did not increase the fee as per the order dated 11/02/2009 issued by the Director of Education.

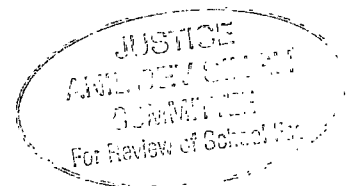
During the course of hearing, the Committee examined the fee schedules filed by the school for the years 2008-09 and 2009-10 and observed that the submission made by the representatives of the school was contrary to the facts. As per the fee schedules, the following position emerged:

Fee Head	2008-09 (Rs.)	2009-10 (Rs.)	Increase in 2009-10	
			Amount (Rs.)	%age Increase
Tuition Fee	788 p.m.	988 p.m.	200 p.m.	25.38%
Development Fee	79 p.m.	148 p.m.	69 p.m.	87.34%
Annual Charges	720 p.a.	800 p.a.	80 p.a.	11.11%

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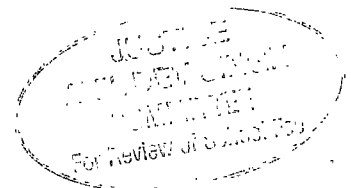


St. George's School, Defence Colony, New Delhi-110024

It is of some significance that the school hiked the tuition fee by Rs. 200 per month in 2009-10 and as per order dated 11/0/2009 issued by the Director of Education. This was the maximum hike permitted to the schools whose tuition fee for the year 2008-09 was between Rs. 501 and Rs. 1000 per month. The school fully availed of the benefit of the aforesaid order. Not only tuition fee was hiked, the school also hiked the development fee from 10% of tuition fee charged in 2008-09 to 15% of tuition fee in 2009-10. This advantage also accrued to the school on account of the aforesaid order dated 11/02/2009. Hence it did not lie in the mouth of the representatives of the school to contend that the school did not increase the fee as per order dated 11/02/2009. In fact, in reply to the questionnaire issued by the Committee, the school, after trying to avoid giving specific reply for a long time, finally admitted that it had not only hiked the tuition fee and development fee as per order dated 11/02/2009 but also recovered arrear fee @ Rs. 4,576 per student. These things would have become apparent if the school had furnished the information in the structured format contained in the notice of hearing. But the school chose not to give information in that format and tried to mislead the Committee by knowingly giving false information during the course of hearing as the school could not have justified the hike in fee as per order dated 11/02/2009 and recovery of arrear fee, when it had admittedly not implemented the recommendations of the VI Pay Commission. In the reply to the questionnaire also, the school merely gave the calculation of salary arrears payable without saying that they had been paid. During the course of hearing, the representatives of

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St. George's School, Defence Colony, New Delhi-110024

the school went a step further saying that the school had not even prospectively implemented the recommendations of VI pay Commission. The representatives of the school also did not produce the books of accounts of the school.

With regard to development fee also, the school was not in compliance with the pre conditions laid down 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, in as much as the school was utilising the development fee for meeting its revenue deficits and no earmarked accounts were maintained for development and depreciation reserve funds.

Discussion & Recommendations:

In view of the admitted position that the school did not implement the recommendations of VI Pay Commission, much less paid any arrears of salary, the Committee is of the view that:

- (a) The school ought to refund the entire amount of arrear fees recovered by it from the students, purportedly in pursuance of order dated 11/02/2009 issued by the Director of Education, along with interest @ 9% per annum from the date of collection to the date of refund.**
- (b) The school ought to refund the tuition fee hiked by it w.e.f. 01/04/2009, in so far as it exceeds 10% of the tuition fee charged in the year 2008-09, along with interest @ 9% per annum from the date of collection to the date of refund.**

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St. George's School, Defence Colony, New Delhi-110024

- (c) As the refund of part of the fee hiked by the school in 2009-10 would entail a ripple effect in the subsequent years, the school ought to refund the fee of the subsequent years in so far as it is relatable to the amount of refund of fee for the year 2009-10. This also ought to be done along with interest @ 9% per annum from the date of collection to the date of refund.
- (d) The school ought to refund the development fee of Rs. 2,06,059 charged in 2009-10 and Rs. 1,46,702 charged 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

Dated: 08/10/2015

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Cambridge Primary School, Darya Ganj, New Delhi-110002

In order to elicit the relevant information from the schools to arrive at a proper conclusion with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school). This was followed by a reminder dated 27/03/2012. However, no response was received from the school.

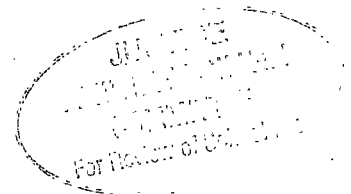
The Committee requisitioned the annual returns filed by the school under Rule 180 of Delhi School Education Rules, 1973 from the office of the concerned Dy. Director of Education. These were forwarded to the Committee.

Vide notice dated 16/07/2012, the Committee required the school to produce on 27/07/2012 in its office, copies of fee receipts and salary payment registers, besides a detail of arrear fee received from the students. The school was also requested to furnish its reply to the questionnaire issued by the Committee.

Sh. Ravi Arora, an office assistant, duly authorized by the Headmistress of the school, appeared on the aforesaid date and produced the required records before the audit officer of the Committee. He also filed reply to the questionnaire issued by the Committee. As per the reply, the school stated as follows:

- (a) It had increased the salary of the staff w.e.f. 01/09/2008 and paid salary arrears w.e.f. 01/01/2006.

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Cambridge Primary School, Darya Ganj, New Delhi-110002

(b) The school had increased the fee of the students as per order dated 11/02/2009 issued by the Director of Education w.e.f. 01/09/2008 and also recovered the lump sum arrears.

Along with the reply, the school furnished copy of the salary bill for the pre revision as well as post revision period. The total monthly outgo on salary prior to hike was Rs. 2,16,189 while post hike it rose to Rs. 3,23,714. The arrears for the period September 2008 to March 2009, amounting to Rs. 1,34,974, were shown as paid along with the salary for the month of April 2009. 40% of the arrears for the period 01/01/2006 to 31/08/2008, which amounted to Rs. 6,19,910 was also shown as paid through the salary bill for the month April 2009. The remaining 60% arrears amounting to Rs. 11,05,868 were shown as paid in August 2010.

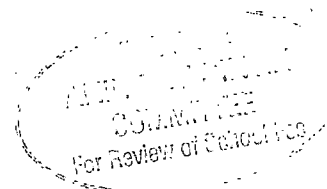
The records produced by the school were verified by Sh. A.K. Bhalla, audit officer of the Committee and he endorsed the correctness of the reply filed by the school in response to the questionnaire issued by the Committee.

Preliminary calculations were made by the Chartered Accountants detailed with the Committee (CAs). As per their calculations, the school had ample funds at their disposal and did not need to hike any fee for implementation of the recommendations of VI Pay Commission. However, the Committee noticed that while making

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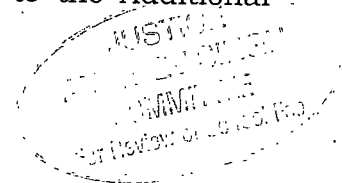
Secretary



Cambridge Primary School, Darya Ganj, New Delhi-110002

the calculations, the CAs have not taken into account the requirement of the school to keep funds in reserve for meeting its accrued liabilities of gratuity and leave encashment besides the requirement of the school for a reasonable reserve for any future contingency. Although the Committee did not outrightly reject the calculations of the CAs, it was of the view that necessary adjustments were required to be made to the figure of funds available which could have been used for implementing the recommendations of VI Pay Commission.

In order to improve upon the calculations made by the CAs, the Committee called for the relevant information from the school in a structured format, besides requiring the school to furnish details of its accrued liabilities of leave encashment and gratuity. A notice dated 26/05/2015 was issued for eliciting this information. However, the notice sent by speed post was returned unserved to the Committee with the remarks "left without address". In order to have the status report of the school, the committee, vide email dated 07/07/2015 requested the Education Officer, Zone-27 to ascertain the same. Reminders were sent to him vide emails dated 08/07/2015 and 13/07/2015. However, he did not care to respond to any of the emails sent by the Committee. A letter dated 15/07/2015 was issued to the concerned Dy. Director of Education but the same also evoked no response from him. A reminder was sent on 13/08/2015, however it also met with the same fate. Finally a letter dated 26/10/2015 was issued to the concerned Dy. Director with a copy to the Additional

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Cambridge Primary School, Darya Ganj, New Delhi-110002

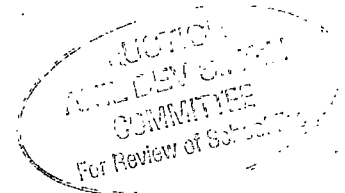
Director (Act Branch) of the Directorate of Education. This time the Dy. Director of Education Incharge of Zone-27 responded that the school had been closed by the management and students and teachers were transferred to the other schools run by the same management.

The calculation sheet prepared by the CAs was revisited by the Committee and it was observed that the CAs had not taken into account a sum of Rs. 70.00 lacs given as loan by the school to Cambridge Primary School, Greater Noida. There was no justifiable reason for exclusion of this amount from the funds available with the school. Further the Committee observed that the school was maintaining a proper gratuity fund in its balance sheet in which the annual accretion of its liability was added every year. An amount of Rs. 35,13,783 was accumulated in this fund as on 31/03/2010. Although the Committee would have wanted the school to furnish an employee wise detail of this liability, in view of the fact that the financials of the school had been properly audited and were quite transparent by way of giving explanations through notes on accounts, the Committee accepted this figure on the basis of the audited financials. No provision was made for leave encashment and the notes on account mentioned that such payments are charged to the revenue when they are actually made. Accordingly no allowance has been given for this liability, more so when the information is not available. The Committee also feels that in view of the large surplus available

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Cambridge Primary School, Darya Ganj, New Delhi-110002

with the school, accounting for this liability would not make any material difference to the final determination. The Committee has duly factored in the requirement of the school to keep funds in reserve which has been quantified at Rs. 14,38,119.

Taking into account the aforesaid adjustments, the Committee has prepared the following calculation sheet:

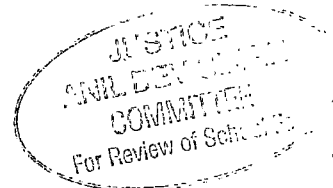
Calculation Sheet:

Statement showing Fund available as on 31-03-2008 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report			
	Particulars	Amount (Rs.)	Amount (Rs.)
	<u>Current Assets</u>		
	Cash in hand	-	
	Bank Balance	446,399	
	Fixed Deposits with accrued interest	5,582,637	
	TDS	28,768	
	Loan to Cambridge Primary School, Greater Noida	7,000,000	
	Advance to Staff	13,360	13,071,164
Less	<u>Current Liabilities</u>		
	Advance fee received	325,930	
	Caution Money	230,500	556,430
	Net Current Assets (Funds available)		12,514,734
Less	Arrear of Salary as per 6th CPC w.e.f. 01.01.06 to 31.03.09	1,780,515	
	Incremental Salary in 2009-10 (as per calculation given below)	539,894	2,320,409
	Excess / (Short) Fund Before Fee Hike		10,194,325
Add	Arrear of Tuition fee for the period from 01.01.06 to 31.03.09	1,264,000	
	Incremental fee in 2009-10 (as per calculation given below)	993,170	2,257,170
	Excess / (Short) Fund After Fee Hike		12,451,495
Less	Reserves required to be maintained:		
	for future contingencies (equivalent to 4 months salary)	1,438,119	
	for Gratuity as on 31.03.2010 *	3,513,783	
	for Leave Encashment as on 31.03.2010 *		4,951,902
	Excess / (Short) Fund		7,499,593

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Cambridge Primary School, Darya Ganj, New Delhi-110002Working Notes:

	2008-09	2009-10
Estt. Exp./ Salary as per Income & Expenditure Account	3,774,464	5,069,242
Less: Arrear of salary paid in the year as per detail provided by school	-	754,884
Salary expenditure for the year (Balancing figure)	<u>3,774,464</u>	<u>4,314,358</u>
Incremental Salary in 2009-10	<u>539,894</u>	
	2008-09	2009-10
Total Tuition Fee as per Income & Expenditure Account	4,597,930	5,524,900
Less: Tuition fee received for the year as per detail provided by school	<u>3,932,830</u>	<u>4,926,000</u>
Balancing figure is arrear of tuition fee received	<u>665,100</u>	598,900
Incremental Tuition Fee in 2009-10	<u>993,170</u>	
Arrear of salary paid in 2009-10 (in May 2009)	754,884	
Arrear of salary paid in 2010-11 (in August 2010)	<u>1,025,631</u>	
Total salary arrear as per Sixth Pay Commission	<u>1,780,515</u>	

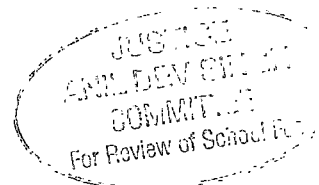
Discussion:

As would be apparent from the above calculation sheet, the school had available with it funds to the tune of Rs. 1,25,14,734 as on 31/03/2008. Giving allowance of Rs. 35,13,783 for accrued liability of gratuity and Rs. 14,38,119 for reserve for future contingencies, the school still had funds to the tune of Rs. 75,62,832, which could have been utilised for implementation of the VI Pay Commission report. The total additional liability on account of implementation of VI Pay Commission report upto 31/03/2010 was Rs. 23,20,409. The school could have easily absorbed the additional expenditure, without raising any fee of the students. However, the school recovered a sum of Rs. 12,64,000 as arrear fee and further Rs. 9,93,170 as incremental fee for the year 2009-10. The recovery of arrear as well as the hike in fee

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Cambridge Primary School, Darya Ganj, New Delhi-110002

was wholly unjustified in view of the large amount of funds available with the school.

Recommendations

In view of the foregoing discussion, the school ought to refund the entire amount of arrear fee amounting to Rs. 12,64,000 and the incremental fee for the year 2009-10, amounting to Rs. 9,93,170, recovered in pursuance of order dated 11/02/2009 issued by the Director of Education, along with interest @ 9% per annum from the date of collection to the date of refund.

Sd/-

CA J.S. Kochar
Member

Sd/-


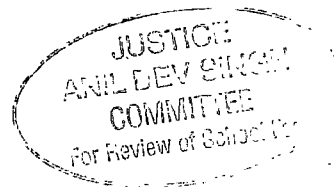
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Dated: 26/11/2015

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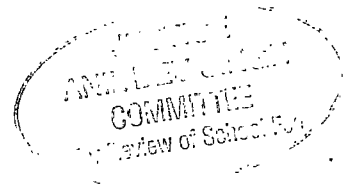

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Maxfort School, Parwana Road, Pitampura, Delhi-110034

In order to elicit the relevant information from the schools to arrive at proper conclusions with regard to the necessity of fee hike effected by them, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school). This was followed by a reminder dated 27/03/2012. However, the school did not furnish its reply. The Committee requisitioned the annual returns filed by the school under Rule 180 of Delhi School Education Rules, 1973 from the office of the concerned Dy. Director of the District. The same were received in the office of the Committee. In order to verify the veracity of the returns, the Committee, vide its letter dated 13/07/2012 required the school to produce in its office on 23/07/2012, copies of fee statements filed by the school, fee receipts, cash book and ledgers, bank statements and salary registers for the years 2008-09 to 2010-11. The school was once again requested to furnish its reply to the questionnaire issued by the Committee.

On the scheduled date, Sh. Manish Hasija, Accountant of the school appeared and furnished reply to the questionnaire. However, he did not produce the fee records, bank statements, financial ledgers and the details regarding payment of arrear salary. The reply to the questionnaire furnished by the school was very skeletal. It gave very vague answers to the queries raised by the Committee. The records that were produced, were so disjointed that they were incapable of being verified with reference to the audited financials of the school.

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Maxfort School, Parwana Road, Pitampura, Delhi-110034

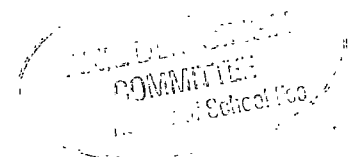
The audit officer of the Committee who examined the records allowed further time to the school to produce complete records on 31/07/2012. On this date, the accountant of the school produced the remaining records and after examining the records, the audit officer observed as follows:

- (a) The school increased the tuition fee w.e.f. 01/09/2008 and recovered arrears of tuition fee for the period 01/09/2008 to 31/03/2009 which amounted to Rs. 24,04,887.
- (b) The school paid arrears of salary amounting to Rs. 12,22,761.
- (c) The school increased the tuition fee by Rs. 315 per month per student in 2009-10 and such hike was 10.04% over the fee of 2008-09. In 2010-11 also, the fee hike was around 10% only. While there was no increase in activity fee during 2009-10, the hike of fee under this head was about 25% in 2010-11 (the fee rose from Rs. 400 to Rs. 500 per month).
- (d) The school has not increased annual charges in 2009-10 but in 2010-11, it has increased the same from Rs. 6050 to Rs. 7500.

On 30/04/2013, the school received a letter from Maxfort School Pitampura Parent's Association which stated that the management was acting in a high handed manner with the students. The mentioned that copies of representations made to the management regarding increase in tuition fee, development fee etc.

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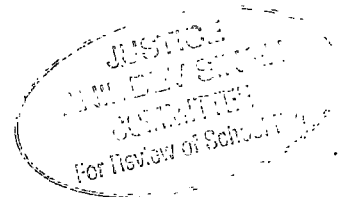
Maxfort School, Parwana Road, Pitampura, Delhi-110034 000347

were enclosed but in actual fact they were not found to be enclosed. Moreover, the complaint made no mention of the year to which the grievance of the parents pertained.

As noted supra, the reply furnished by the school to the questionnaire issued by the Committee was very skeletal. The Committee issued a revised questionnaire to the school, which also incorporated the relevant questions regarding the recovery and utilisation of development fee and maintenance of earmarked depreciation reserve and development funds. The school submitted its response under cover of its letter dated 30/09/2013 and emphasized that while as per order dated 11/02/2009 issued by the Director of Education, the school was entitled to hike the tuition fee by Rs. 500 per month, it did not do so and restricted the hike to Rs. 315 per month only. However, in the reply to the questionnaire, the school stated to the contrary that it had hiked the fee in terms of order dated 11/02/2009 of the Director of Education. Therefore, before proceeding further, it is necessary to resolve this contradiction. For this purpose, the fee schedules of the school for the years 2008-09 and 2009-10 have to be examined. The details of fee as per the schedules for these years, is extracted in the following table:

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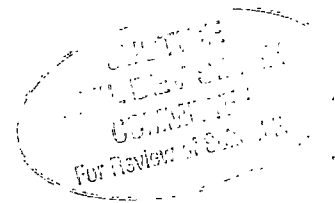


Head of Fee	2008-09	2009-10	Increase in 2009-10	
			Amount	Percentage
Tuition Fee (Qtrly)	9,405	10,350	945	10.04%
Computer Charges/Activity Fee (Qtrly)	1,200	1,200	0	0%
Annual Charges (yearly)	6,050	6,050	0	0%
Development Charges (yearly)	3,740	5,950	2,210	59.09%

The aforesaid position with regard to fee charged by the school has been endorsed by the audit officer of the Committee after examining the fee records of the school. It is apparent that the school hiked the tuition fee by Rs. 945 per quarter i.e. Rs. 315 per month 10.04% in 2009-10 and did not avail of the benefit afforded by the order dated 11/02/2009 issued by the Director of Education. Further, there was no fee hike under the heads computer charges or activity fee and annual charges. The hike in development charges has to be examined on different parameters. The Committee has taken a view that an annual hike upto 10% of tuition fee, need not be interfered with as that is barely sufficient to offset the inflationary pressures and the annual increments and additional DA instalments.

Therefore, the Committee is of the view that, irrespective of the grievances that the parents may have with regard to other matters or the fee of other years, which do not fall in the domain of this Committee, no interference is required in the matter of tuition fee hike effected by the school in the year 2009-10.

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Maxfort School, Parwana Road, Pitampura, Delhi-110034

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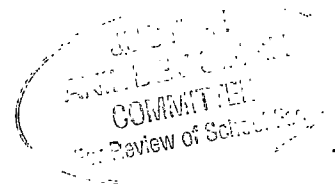
With regard to the matter of fee relating to other years, the Director of Education may take some action as permissible by law subject to the orders of Hon'ble High Court.

Development Fee:

Continuing with the narration of reply to the revised questionnaire issued by the Committee, the school stated that it had been charging development fee in all the five years for which the information had been sought by the Committee. In particular, the school stated that it recovered a sum of Rs. 29,33,805 as development fee in 2009-10 and Rs. 43,32,302 in 2010-11 (These were the amounts recovered in pursuance of order dated 11/02/2009 issued by the Director of Education which is under examination by this Committee). With regard to utilisation of development fee, it was stated that out of the receipt of Rs. 29,33,805 in 2009-10, a sum of Rs. 2,92,183 was spent on repair and maintenance, Rs. 18,93,295 on building repair and the rest on air conditioning system and audio visual device. Similarly as against the receipt of Rs. 43,32,302 in 2010-11, the expenditure on building repair alone was Rs. 84,87,528 which was in fact in excess of the recovery of development fee for this year. Although the school stated that development fee was treated as a capital receipt in its accounts, the audited financials of the school belie this statement in each of the year, the development fee is credited to Income & Expenditure Account, that is to say that it has in fact been treated as a revenue receipt. With regard to maintenance of

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Maxfort School, Parwana Road, Pitampura, Delhi-110034

earmarked depreciation reserve funds, the school conceded in its reply the questionnaire that no such fund accounts were maintained. Thus none of the pre conditions laid down by Duggal Committee, which were affirmed by the Hon'ble Supreme Court, for charging development fee was fulfilled by the school.

A notice dated 20/08/2015 was issued to the school to provide it an opportunity of being heard on 10/09/2015. Although the notice was sent by speed post and it was delivered to the school on 25/08/2015 as per the speed post tracking report, none appeared on the date of hearing nor any intimation or request was received from the school for an adjournment.

Recommendations:

In view of the foregoing position, the Committee is of the view that the school ought to refund the development fee of Rs. 29,33,805 charged in 2009-10 and Rs. 43,32,302 charged 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

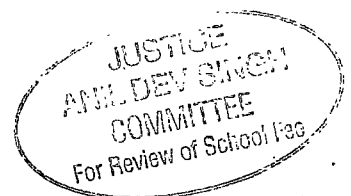
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated: 19/10/2015

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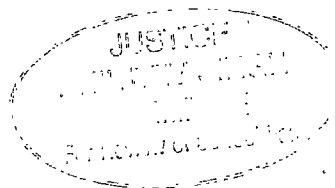

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1. The school did not respond to the questionnaire issued by the Committee on 27.02.2012 within the specified time. The returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education.
2. On examination of the aforesaid returns by the Committee, it prima facie appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.
3. On perusal of the information, it was noticed that the information submitted by the school was inadequate for the purpose of ascertaining whether the fee hiked by the school, pursuant to order dated 11.02.2009 issued by the Director of Education was justified or not. The office of the Committee vide letter dated 07.05.2013 directed the school to submit complete information.
4. The school vide its letter dated 23.05.2013 submitted the requisite information along with reply to the revised questionnaire. As per the reply:-
 - (i) The school implemented the recommendations of the 6th Pay Commission w.e.f. 01.04.2009.

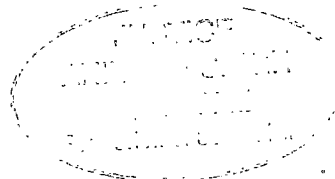
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- (ii) The school hiked the fee in terms of the order of the Director of Education dated 11.02.2009, w.e.f. 01.04.2009.
- (iii) The school neither collected arrear fee from the students nor paid arrear salary to the staff.
- (iv) The school charged development fee from the students which has been treated as revenue receipt and no separate depreciation reserve fund or development fund account was maintained.
5. In order to give an opportunity of being heard to the school, the Committee issued notice dated 09.07.2015 to the school for hearing on 30.07.2015. The notice required the school to furnish the information regarding fee and salaries in a structured format, duly reconciled with the income and expenditure accounts. The notice also required the school to furnish details of accrued liabilities of gratuity/leave encashment, if applicable to the school, statements of account of the parent society as appearing in the books of the school, bank statements highlighting the payments of arrear salary, copy of circular issued to the parents.
6. On 30.07.2015, Sh. B.B. Gupta, Chairman, Sh. Sachin Aggarwal, C.A. and Ms. Sunita Negi, Cashier of the school appeared before the Committee. The Committee noticed that the information furnished by the school was incomplete and ex-facie incorrect. The representatives

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Secretary

sought time to file the revised information. At the request of the school the matter was adjourned to 11.08.2015.

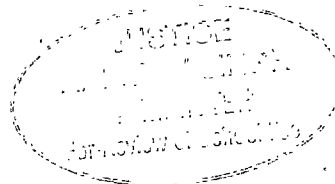
7. On 11.08.2015 Sh. B.B. Gupta, Chairman of the society, Sh. Sachin Agarwal, CA and Ms. Sunita Negi, Cashier of the school appeared before the Committee and produced the record. It was submitted that the school prospectively implemented the recommendations of the Sixth Pay Commission w.e.f. 01.04.2009 and the fee was also hiked w.e.f. the same date. Arrears of fee were not paid by the parents and consequently no arrears of salary were paid to the staff.

It was contended by the representatives of the school that the regular salary to the staff was paid by cheques. However, on examination of books of accounts, the Committee noted that the salary for the entire year 2009-10 was paid in cash. On being confronted, the representatives conceded that the salary was paid in cash.

The school submitted that it had recovered development fee of Rs.3,13,500 in 2009-10 and Rs.2,52,000 in 2010-11. While conceding that it was treated as a revenue receipt, the representatives contended that it was partly spent for providing fixed assets and partly for maintenance and repair of building. They also contended that no earmarked funds were maintained as the amount was utilized within the same year itself.

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Discussion and findings

8. 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 VIII	1500	1800	300	2000	200

9. From the above, it is manifest that the school has increased the fee during the year 2009-10, in terms of the order of the Director of Education dated 11.2.2009 for all class. During 2010-11, the hike in tuition fee was by 10%.

10. According to school it had implemented the recommendations of the 6th Pay Commission. It is not disputed that the salary was paid in cash. We find the many schools have taken this plea that they had implemented the recommendations of the 6th Pay Commission by paying the salary/arrears of salary to the teachers in cash/bearer cheques. Such a plea gives a lie to the stand of the school that it had implemented the recommendations of the 6th Pay Commission as there is no plausible and convincing reason, why the payment was not made by bank transfer

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or by account payee cheques. Therefore, in our view the school has not implemented the recommendations of the Sixth Pay Commission.

RECOMMENDATIONS

Re. Fee Hike

Since the school has hiked the tuition fee in 2009-10, in terms of the order of the Director of Education, 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.

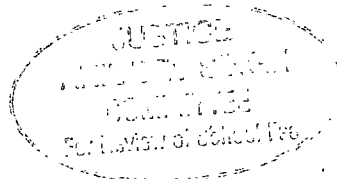
Further, the fee hiked in 2009-10 is also part of the fee for the subsequent years, there would be a ripple effect in the subsequent years and the fee of the subsequent years to the extent, it is relatable to the fee hiked in 2009-10, for above mentioned classes, ought also to be refunded along with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

Re: Development Fee

11. As per record the school has charged development fee in the following manner ;

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Bal Bhavan Public School, Swasthya Vihar, Delhi-92

000356

<u>Year</u>	<u>Development Fee Charged</u>
2009-10	Rs. 3,13,500.00
2010-11	Rs. 2,52,000.00

The development fee has been treated as a revenue receipt and no separate depreciation reserve fund and development fund accounts had been maintained.

In the circumstances, 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.(2004) 5 Sec. 483. Therefore, the Development Fee charged by the school to the tune of Rs. 5,65,500.00 during the years 2009-10 and 2010-11 in the garb of the order of the Director of Education dated 11.02.2009 was not in accordance with law. This being so, the school ought to refund the aforesaid development fee 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

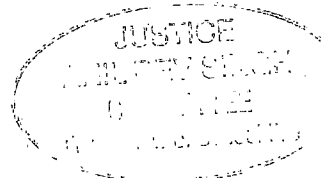
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr.R.K.Sharma
Member

Dated:11.09.2015.

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Secretary

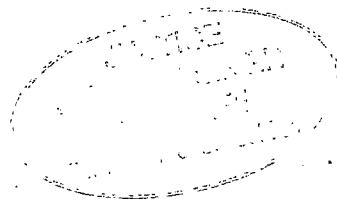


St. Prayag Public School, Pitam Pura, Delhi-34

1. The school did not respond to the questionnaire issued by the Committee on 27.02.2012 within the specified time. 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.
2. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.
3. The Committee vide letter dated 28.10.2013 directed the school to provide additional information including reply to the revised questionnaire. The school vide letter dated 18.11.2013 submitted the required information. Reply to the revised questionnaire was also submitted. As per the reply:-
 - i) The school has implemented the recommendations of the Sixth Pay Commission w.e.f. 01.08.2009.
 - ii) The tuition fee was hiked w.e.f. 01.04.2009 in terms of the order of the Director of Education dated 11.02.2009.

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St. Prayag Public School, Pitam Pura, Delhi-34

- iii) The school did not collect arrears of tuition fee from the students and arrears of salary were also not paid to the staff.
- iv) The school has charged development fee from the students. The same has been treated as revenue receipt and the school was in process of maintaining separate depreciation reserve fund and development fund account.
4. In order to give an opportunity of being heard to the school, the Committee issued notice dated 09.07.2015 to the school for hearing on 30.07.2015. The notice required the school to furnish the information regarding fee and salaries in a structured format, duly reconciled with the income and expenditure accounts. The notice also required the school to furnish details of accrued liabilities of gratuity/leave encashment, if applicable to the school, statements of account of the parent society as appearing in the books of the school, bank statements highlighting the payments of arrear salary, copy of circular issued to the parents for enhancement of fee.
5. On 30.07.2015 Sh. N.P. Verma, Manager of the school appeared before the Committee and filed a letter seeking adjournment on account of non-availability of the accountant of the school. As per his request

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St. Prayag Public School, Pitam Pura, Delhi-34

the hearing was adjourned and the school was directed to appear before the Committee on 11.08.2015 for further hearing.

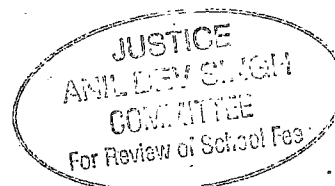
6. On 11.08.2015 Sh. N.P. Verma, Manager, Sh. Ashok Verma, C.A., Sh. P.C. Pathak, Consultant, Sh. Gopal Upadhaya, Accountant and Sh. Prabhat Verma, Member of the Parents Society appeared before the Committee and produced the record. It was contended that the school did not pay any arrear salary as it did not recover any arrear fee from the students. However, on perusal of the circular issued to the parents, it showed that the school demanded arrear fee for the period 01.09.2008 to 31.03.2009. It was however, stated by the school representatives that on representations received from the parents, the arrear fee was not recovered. Books of accounts produced by the school did not show any such recovery.

With regard to the implementation of the recommendations of the Sixth Pay Commission, it was submitted that the same were implemented w.e.f. 01.04.2009 and fee was raised as per the order of the Director of Education dated 11.02.2009.

With regard to development fee, it was stated that the same was introduced for the first time in 2009-10. The amount recovered in 2009-10 and 2010-11 were Rs.7,16,100 and Rs. 6,94,803, respectively. It was however, conceded that the same was treated as a revenue receipt and utilized for meeting revenue expenses and no earmarked development or depreciation reserve fund accounts were maintained.

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St. Prayag Public School, Pitam Pura, Delhi-34

The Committee has examined the mode of payment of regular salary by the school. It was contended that the payments were made mainly by cheques. However, on perusal of the bank statements of the school it showed that all such cheques were bearer cheques which were withdrawn from the bank on a single date.

Discussions and findings

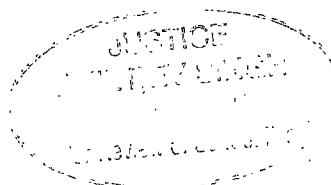
7. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during the years 2009-10 and 2010-11: -

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	900	1100	200	1210	110
I to V	820	1020	200	1120	100
VI to VIII	830	1030	200	1130	100
IX to X	850	1050	200	1155	105
XI to XII	1150	1450	300	1595	140

8. From the above, it is obvious that the school had increased the fee during the year 2009-10, in terms of the order of the Director of Education dated 11/02/2009. However, during 2010-11, the hike was by 10%.

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St. Prayag Public School, Pitam Pura, Delhi-34

9. According to school it has implemented the recommendations of the 6th Pay Commission, but salary to the staff has been paid by bearer cheques. We find that many schools have taken the plea that they had implemented the recommendations of the 6th Pay Commission by showing payment of salary to the teachers in cash or through bearer cheques. The stand of the school that it had implemented the recommendations of the 6th Pay Commission does not inspire confidence as there is no plausible and convincing reason, why the payments were not made by bank transfer or by account payee cheques. In the circumstances the stand of the school that it has implemented the recommendations of the 6th Pay Commission is a ruse and cannot be accepted.

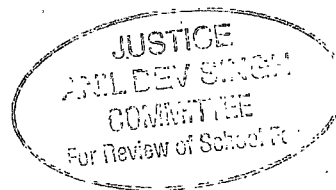
RECOMMENDATION

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 the year 2009-10 in

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St. Prayag Public School, Pitam Pura, Delhi-34

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.

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 from the date of its collection to the date of its refund.

Re : Development Fund

10. As per record the school has charged development fee from the students in the following manner.

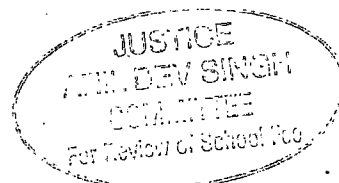
Year	Development fee charged
2009-10	Rs.7,16,100.00
2010-11	Rs.6,94,803.00

The development fee has been treated as revenue receipt and no earmarked development fund or depreciation reserve fund accounts were maintained by the school.

In the circumstances, the Committee is of the view that the school was not complying with any of the pre-conditions prescribed

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St. Prayag Public School, Pitam Pura, Delhi-34

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 Development Fee charged by the school to the tune of Rs. 1,410,903.00 during the years 2009-10 and 2010-11 in the garb of the order of the Director of Education dated 11.02.2009 was not in accordance with law. This being so, the school ought to refund the aforesaid development fee 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

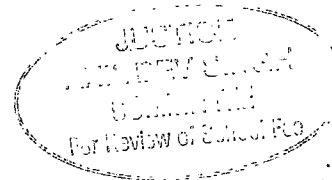
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated 04.09.2015

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Secretary

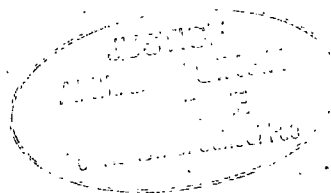


The Cambridge International School, Jawahar Park, Devli Road,
New Delhi- 110062

1. The school did not respond to the questionnaire issued by the Committee on 27.02.2012 within the specified time. 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.
2. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.
3. In order to give an opportunity of being heard to the school, the Committee issued notice dated 09.07.2015 to the school for hearing on 29.07.2015. The notice required the school to furnish the information regarding fee and salaries in a structured format, duly reconciled with the income and expenditure accounts. The notice also required the school to furnish details of accrued liabilities of gratuity/leave encashment, if applicable to the school, statements of account of the parent society as appearing in the books of the school, bank statements

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**The Cambridge International School, Jawahar Park, Devli Road,
New Delhi- 110062**

highlighting the payments of arrear salary, copy of circular issued to the parents for enhancement of fee. A revised questionnaire containing specific queries regarding development fee and maintenance of earmarked development fund and depreciation reserve fund was also issued to the school.

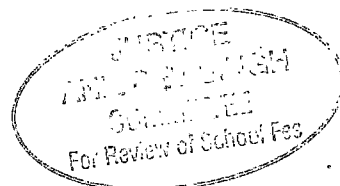
No one appeared on the scheduled date. In the interest of justice the school was provided final opportunity to appear before the Committee on 12.08.2015.

4. On 12.08.2015, Sh. P.S.Siwan, Manager and Sh. Vinay, Accountant of the school appeared before the Committee and produced record. Reply to the revised questionnaire was also submitted. As per the reply ;-

- i) The school had implemented the recommendations of the 6th. Pay Commission w.e.f. 01.04.2009.
- ii) The tuition fee had been hiked as per the order of the Director of Education dated 11.02.2009 w.e.f. April, 2009.
- iii) The school did not collect development fee from the students.
- iv) The school neither collected arrear of fee nor arrear of salary was paid to the staff.

During the course of hearing the representatives of the school

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**The Cambridge International School, Jawahar Park, Devli Road,
New Delhi- 110062**

contended that the recommendations of the Sixth Pay Commission were implemented prospectively w.e.f. 01.04.2009. The school neither paid arrear of salary to the teachers nor arrear fee was collected from the students. With regard to hike in tuition fee, they stated that the same was hiked w.e.f. 01.04.2009, in terms of the order of the Director of Education dated 11.02.2009. On a query by the Committee the representatives of the school conceded that the salary to the staff was paid by bearer cheques although the school was operating a bank account. The Committee examined the bank statements and observed that all the salary cheques were encashed on the same date.

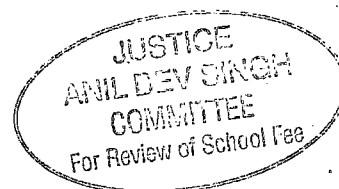
The representatives also submitted that the school did not charge any development fee.

Discussions and findings

5. 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 VIII	625	825	200	900	75.
IX & X	950	1150	200	1260	110

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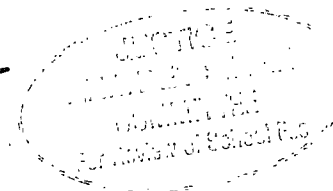

Secretary


**The Cambridge International School, Jawahar Park, Devli Road,
New Delhi- 110062**

6. From the above, it is obvious that the school had increased the fee during the year 2009-10, in terms of the order of the Director of Education dated 11/02/2009. However, during 2010-11, the hike was by 10%.
7. According to school it has implemented the recommendations of the 6th Pay Commission, but salary to the staff has been paid by bearer cheques. We find that many schools have taken the plea that they had implemented the recommendations of the 6th Pay Commission by showing payment of salary to the teachers in cash or through bearer cheques. The stand of the school that it had implemented the recommendations of the 6th Pay Commission does not inspire confidence as there is no plausible and convincing reason, why the payments were not made by bank transfer or by account payee cheques. In the circumstances the stand of the school that it has implemented the recommendations of the 6th Pay Commission is a ruse and cannot be accepted.
8. As per record the school has not charged development fee from the students.

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The Cambridge International School, Jawahar Park, Devli Road,
New Delhi- 110062

RECOMMENDATION

Re. Fee Hike

Since the school had 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 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.

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 from the date of its collection to the date of its refund.

Recommended accordingly.

Sd/-
J.S. Kochar
Member

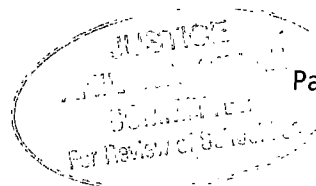
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated : 04.09.2015

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Secretary



Daisy Dales Sr. Sec. School, East of Kailash, New Delhi-110065

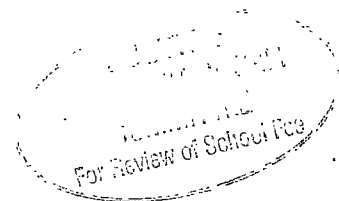
In order to elicit the relevant information from the schools to arrive at proper conclusions with regard to the necessity of fee hike effected by them, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school). This was followed by a reminder dated 27/03/2012. However, the school did not furnish its reply. The Committee requisitioned the annual returns filed by the school under Rule 180 of Delhi School Education Rules, 1973 from the office of the concerned Dy. Director of the District. The same were received in the office of the Committee. In order to verify the veracity of the returns, the Committee, vide its letter dated 18/09/2012 required the school to produce in its office on 01/10/2012, copies of fee statements filed by the school, fee receipts, cash book and ledgers, bank statements and salary registers for the years 2008-09 to 2010-11. The school was once again requested to furnish its reply to the questionnaire issued by the Committee.

On the scheduled date i.e. 01/10/2012, Sh. Amiya Mohanty, Accounts Officer of the school appeared but did not produce any records. He filed a letter stating as follows:

"This has reference to your circular no. JADSC/2012/C-363/1163 dated 18/09/2012. We present with the documents but we found that still some documents are not complete i.e. Cash Book and Ledger, Fee receipts.

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Daisy Dales Sr. Sec. School, East of Kailash, New Delhi-110065

So we request you to kindly give us another date to complete out documents."

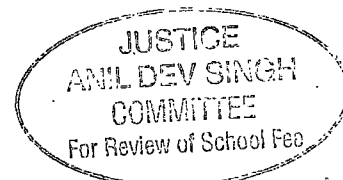
The letter filed by the Accounts Officer of the school indicated that the school was still preparing the cash book, ledgers, fee receipts etc. although they pertained to 2008-09, 2009-10 and 2010-11.

The school was asked to produce the required records on 16/10/2012 but on 15/10/2012, the Committee received another letter signed by the Principal of the school saying that they will not be able to appear on 16/10/2012 and requested for another date. A final opportunity was given to the school to produce its records on 23/10/2012. On this date, the Accounts Officer of the school appeared and furnished reply to the questionnaire dated 27/02/2012. The records that were produced by the school were examined by Sh. A.K. Bhalla, audit officer of the Committee, who observed as follows:

- (a) The first increased salary was paid to the staff in October 2009. However, the increased salary to the Principal of the school was paid w.e.f. September 2009.
- (b) The school has collected the fee arrears and increased the fee in accordance with order dated 11/02/2009 issued by the Director of Education. A total sum of Rs. 13,02,526 has been received as fee arrears.
- (c) The total salary for the month of Sept. 2009 was Rs. 3,39,050 in respect of 18 regular teaching staff members and the same rose to Rs. 4,44,327 in October 2009, presumably

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Daisy Dales Sr. Sec. School, East of Kailash, New Delhi-110065

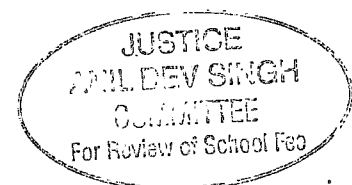
- on account of implementation of VI Pay Commission report.
- However, the number of teaching staff members in October 2009 was reduced to 16.
- (d) The school has paid total arrears of salary amounting to Rs. 10,30,170 for the period 01/09/2008 to 30/06/2009 and Rs. 3,29,325 for the period 01/07/2009 to 30/09/2009.
- (e) The fee charged by the school was in accordance with the fee structures filed by the school. However, the fee hiked in 2009-10 was only around 10%. The same position obtained in 2010-11 also.
- (f) The school does not prepare a separate balance sheet. The balance sheet of the parent Society i.e. Adarsh Sangeet Vidyalaya incorporates the financials of the school. The Society has also started a teachers training institute namely Daisy Dales Institute of Education and its Income & Expenditure is also included in the financials of the Society.
- (g) The development fee appears in the Income & Expenditure Account and not in balance sheet. (indicating that it is treated as a revenue receipt)
- (h) No depreciation reserve fund or development fund accounts are maintained.

These observations were endorsed by the Accounts Officer of the school by recording the note sheet as follows:

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Daisy Dales Sr. Sec. School, East of Kailash, New Delhi-110065

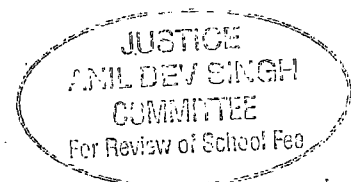
" I agree to the above observations which are as per school record".

It appears that the school again did not produce its books of accounts i.e. cash book and ledgers and the audit officer required him to produce the same, in addition to certain other records, on 06/11/2012.

The note sheet containing the observations of the audit officer dated 06/11/2012 does not indicate whether the school produced its books of accounts on that date. The audit officer has merely reproduced the figures of arrear fee, development fee and earmarked levies charged by the school from the annual financials of the school. Further he has merely calculated the percentage increase in fee and salary which does not lead to any conclusions.

The Committee issued a notice dated 26/05/2015 to the school to provide the information regarding arrear fee, arrear salary, regular tuition fee and development fee and fee under other heads, besides regular salary paid by the school during the years 2008-09 to 2010-11, in a structured format. The school was also required to furnish copies of bank statements in support of payment of arrear salary, details of its accrued liabilities of gratuity and leave encashment, besides some other details. It was required to furnish the information within 10 days. However, the Committee received a letter dated 11/06/2015 from the school requesting for grant of 15 days extension. After a period of more than two months, the school

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Daisy Dales Sr. Sec. School, East of Kailash, New Delhi-110065

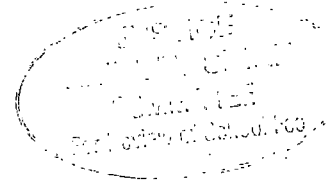
furnished the required information under cover of its letter dated 21/08/2015. In the meantime, in order to afford an opportunity of being heard to the school, the Committee issued another letter dated 20/08/2015, calling upon it to appear before the Committee on 07/09/2015 (which was postponed to 09/09/2015). On this date, Sh. Yogesh Chaudhary, Chartered Accountant and Sh. Vikas Sharma, Company Secretary appeared without any authorisation from the Manager or Head of the School. They did not produce any salary or fee records or books of accounts, despite clear notice to this effect.

The information furnished by the school in response to the earlier notice dated 26/05/2015 was found to be incomplete. In the proforma of fee and salary for the years 2008-09 to 2010-11, the school had omitted to give the figures of regular/normal salary paid for the year.

The school filed copies of circular issued to the parents regarding enhancement of fees for implementation of VI Pay Commission report. In terms of the demand for arrear fee raised on the parents of the students of different classes, the following position emerged:

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Daisy Dales Sr. Sec. School, East of Kailash, New Delhi-110065

Class	Lumpsum arrears for the period 01/01/2006 to 31/08/2008 (Rs.)	Arrears for the period 01/09/2008 to 31/03/2009		Total (Rs.)
		Tuition Fee (Rs.)	Development Fee (Rs.)	
Pre nursery	2000	700	350	3050
I to II	3000	840	455	4295
III to V	3000	910	560	4470
VI to VIII	3500	1260	805	5565
IX to X	4500	1540	1120	7160
XI to XII (Science)	4500	1960	1365	7755
XI to XII (Commerce)	4500	1890	1365	7655

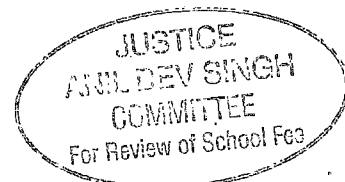
The Committee observes that the arrears of development fee, as a percentage of arrears of tuition fee, as demanded from the parents was much more than 10%. The development fee originally charged for the year 2008-09 was 10% of tuition fee or less.

The school could not have recovered the arrears of development fee at a rate in excess of 10% of arrears of tuition fee w.e.f. 01/09/2008, as only the amount of incremental development fee as a result of increase in tuition fee, could be recovered in terms of order dated 11/02/2009 issued by the Director of Education. The total arrears of tuition fee pertaining to the period 01/09/2008 to 31/03/2009 that were recovered by the school were Rs. 5,32,814 while the total of arrears of development fee for the corresponding period that were recovered was Rs. 3,89,665. In totality, the arrears of development fee as a percentage of arrears of tuition fee amounted to 73%. Thus the school recovered a sum of Rs. 3,36,384 in excess of

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Daisy Dales Sr. Sec. School, East of Kailash, New Delhi-110065

what was permitted to it by the aforesaid order of the Director of Education dated 11/02/2009.

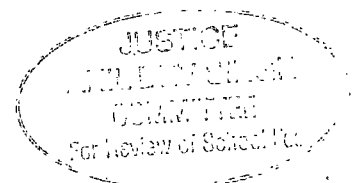
Further during the course of hearing, the representatives of the school filed reply to a questionnaire regarding development fee issued to the school in which it was conceded that the school treated development fee as a revenue receipt and no earmarked accounts or deposits were maintained for unutilised development fee or depreciation reserve. In the detail of development fee received by the school, it was stated that a sum of **Rs. 26,07,197** was recovered on this account in 2009-10 and **Rs. 31,44,338** in 2010-11.

Further, on perusal of the vouchers and other documents filed during the course of hearing, the Committee observed that bulk of the payments of arrears as also bulk of the regular salary paid in 2009-10 was in cash. This position was conceded by the representatives of the school. The school also recovered arrears of fee for the period 01/01/2006 to 31/08/2008 but did not pay any arrears of salary for the corresponding period.

Discussion:

As would be apparent from the above narration, at no stage, the school produced its books of accounts i.e. Cash Book and Ledger. It repeatedly sought adjournments during the course of verification of accounts by the audit officer and ultimately, the audit officer recorded his observations without examining the books of accounts. The school admitted in its letter dated 01/10/2012 that its cash books, ledgers

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Daisy Dales Sr. Sec. School, East of Kailash, New Delhi-110065

and fee receipts for the years 2008-09 to 2010-11 were being prepared. During the course of hearing also, the school did not produce its books of accounts or salary registers. It is also on record, the school is also running a teachers training institute in the name of Daisy Dales Institute of Education. The bulk of the payments of arrear salary and the regular salary in 2009-10 were admittedly made in cash. This leads to the belief that the school did not in fact implement the recommendations of VI Pay Commission and for this reason, it did not produce its books of accounts before the Committee.

The Committee is therefore of the view that the school ought to refund the following sums, which it admits having received as arrear fee, along with interest @ 9% per annum from the date of collection to the date of refund:

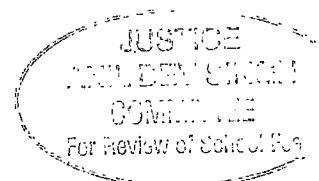
Arrear fee for the period 01/01/2006 to 31/08/2008	Rs. 3,80,047
Arrear of tuition fee for the period 01/09/2008 to 31/03/2009	Rs. 5,32,814
Arrear of development fee for the period 01/09/2008 to 31/03/2009	Rs. 3,89,665
Total	Rs. 13,02,526

With regard to the hike in regular fee w.e.f. 01/04/2009, the Committee would like the Director of Education to conduct special inspection to verify the claim of the school that the hike was restricted to 10% only. In case, it is found to be more, the Director would ensure that the school refunds the same, in so far as it exceeds 10%, also.

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With regard to regular development fee, the school has conceded that it was treating it as a revenue receipt and no earmarked accounts were maintained for development fund and depreciation reserve fund. Thus the school was not fulfilling any of the pre conditions for charging development fee as recommended by 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 development fee charged by the school for the years 2009-10 and 2010-11 was admittedly **Rs. 26,07,197** and **Rs. 31,44,338**. **The school ought to refund the same along with interest @ 9% per annum from the date of collection to the date of refund. This is over and above the refund of arrears of tuition fee and development fee, as recommended supra.**

Recommended accordingly.

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

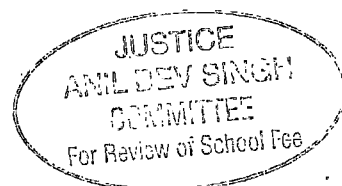
Sd/-

Dr. R.K. Sharma
Member

Dated: 21/10/2015

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In order to elicit the relevant information from the schools to arrive at proper conclusions with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school). However, the school did not respond to the questionnaire issued by the Committee, despite a reminder being sent on 27/03/2012. Even the annual returns which might have been filed by the school under Rule 180 of Delhi School Education Rules, 1973, were not received from the office of the concerned Dy. Director. It appears that when the matter was taken up by the Committee with the Director of Education, the school was reminded by the Education Officer of the Zone to furnish copies of the aforesaid returns. It also appears that the school furnished the copies of returns to the Education Officer, Zone -28 on 27/07/2012. However, the same were forwarded to the Committee only on 01/12/2012 by the concerned Dy. Director. On receipt of the annual returns filed by the school, the Committee issued a revised questionnaire to the school, eliciting the relevant information of fee hike and salary hike consequent to implementation of VI Pay Commission report and also the relevant information regarding the receipt and utilisation of development fee and compliance with the pre conditions laid down by the Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583, for charging development fee.

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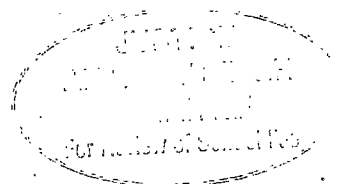
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In response to the aforesaid questionnaire, the school, vide its letter dated 22/05/2013, stated as follows:

- (a) It had implemented the recommendations of Vith Pay Commission w.e.f. 01/10/2008 (sic).
- (b) It had paid the arrears of salary in two installments amounting to Rs. 5,76,464 and Rs. 6,64,235.
- (c) It had not hiked the fee in pursuance of order dated 11/02/2009 issued by the Director of Education but only a consolidated amount was recovered as arrear fee. The total amount recovered as arrear fee was **Rs. 5,64,713.**
- (d) The school had charged development fee in all the five years, i.e. 2006-07 to 2010-11, for which the information was sought. The same was utilised partly for building repairs, partly for general repairs and the balance for general equipments.
- (e) Development fee was treated as a capital receipt.
- (f) Though separate development fund and depreciation reserve fund were maintained, they were not kept in earmarked bank accounts or FDRs.

It appears that the school, in fact implemented the recommendations of the VI Pay Commission w.e.f. 01/04/2009 and not 01/10/2008 as stated in its reply. The school probably meant that the salary was revised w.e.f. 01/09/2008 (erroneously stated as

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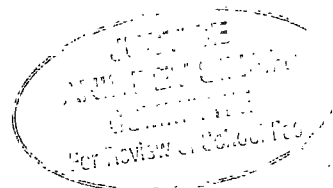
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01/10/2008 as the salary for September is paid in October). The differential salary for the period 01/09/2008 to 31/03/2009 was paid in lump sum.

At the outset, it needs to be stated that the school was not truthful in its assertion that it had not hiked any fee pursuant to order dated 11/02/2009, issued by the Director of Education. As per the copy of the fee schedule for the year 2008-09, the school was charging a quarterly tuition fee of Rs. 2805, which translates to Rs. 935 per month. As per the aforesaid order dated 11/02/2009, the school could have hiked the tuition by a maximum of Rs. 200 per month. The fee schedule for the year 2009-10 shows quarterly tuition fee of Rs. 3405, i.e. Rs. 1135 per month. Thus the fee hike effected by the school w.e.f. 01/04/2009 was exactly Rs. 200 per month which the school could have raised as permitted by the aforesaid order. The Committee deprecates the false assertion made by the school regarding non hike of regular fee.

Similarly, the school is less than being truthful with regard to the recovery of arrear fee. The amount of Rs. 5,64,713, as reported by the school in reply to the questionnaire issued by the Committee, is no doubt true as the same is duly reflected in its audited financials for the year 2008-09, what the school has not stated is that it also recovered a sum of Rs. 7,79,350 as arrear fee in the year 2009-10. The same is also reflected in its audited financials. Thus, the school

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recovered a total sum of **Rs. 13,44,063** on account of arrear fee for implementing the recommendations of VI Pay Commission.

The relevant calculations to examine the justifiability of fee hike were, in the first instance, prepared by the Chartered Accountants detailed with the Committee (CAs). As per these calculations, the school had a sum of **Rs. 1,42,75,734**, available with it as on 31/03/2008. This amount was calculated as net current assets as on that date. The relevant calculations of funds available at the threshold, as made by the CAs are as follows:

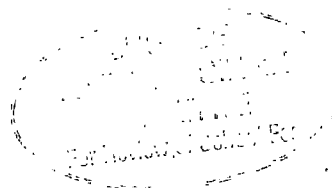
	<u>Current Assets</u>		
	Cash in hand and Bank Balance	793,956	
	Fixed Deposits including Interest	13,240,466	
	Interest accrued on FDR	805,239	
	<u>Loans & Advances</u>		
	Recoverable advances	27,905	
	TDS receivable	154,558	15,022,124
Less	<u>Current Liabilities</u>		
	Advance Fees	500,890	
	Caution Money	245,500	
	TDS Payable		746,390
	Net Current Assets		14,275,734

The total financial impact of implementation of VI Pay Commission report upto 31/03/2010, was **Rs. 25,07,305**, which they calculated as follows:

Arrear of Salary as per 6th CPC w.e.f. 01.01.06 to 31.08.08	1,240,699
Increased Salary as per 6th CPC from 01.09.08 to 31.03.09	422,202
Annual increase in salary (FY 09-10)	844,404
Total	2,507,305

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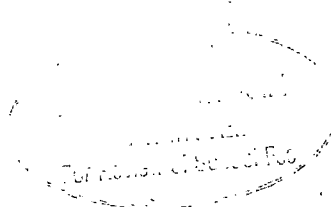
Thus apparently, if the calculations made by the CAs are correct, the school did not require to charge any arrear fee or hike any regular fee for implementing the recommendations of VI Pay Commission. The calculations made by the CAs were reviewed by the Committee and it was observed that while no fault could be found with the calculations of fund available with the school as on 31/03/2008, the Committee has taken a consistent view that the entire funds available with the school ought not to be considered as available for implementing the recommendations of VI Pay Commission and the schools ought to retain with them sufficient funds for meeting its accrued liabilities on account of gratuity and leave encashment, besides maintaining sufficient reserve for future contingencies. The Committee considers a sum equivalent to four months salary as appropriate for this purpose.

While, the school had furnished no details of its accrued liability of gratuity, however, the Committee on perusal of the balance sheets of the school finds that the school was making provision for gratuity every year, in its accounts. The manner of making provision in the balance sheet which is exact to the last rupee and paisa, inspires confidence in the audited accounts of the school and therefore the amount of provision for gratuity as per the balance sheet of the school can be taken as the safe basis for estimating its gratuity liability. The estimated liability as reflected in the balance sheet as on 31/03/2010 was **Rs. 16,61,412.**

As for the liability on account of leave encashment, the Committee observes that the school was making a regular payment on account of

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leave encashment, year after year, so far as it appears from its audited financials. The Committee is therefore of the view that the school did not carry forward any liability on account of leave encashment but paid the same during the year itself and hence there is no provision for leave encashment in the balance sheet.

As for the reserve for future contingencies, the Committee observes that the total expenditure of the school on salary for the year 2009-10 was Rs. 38,09,309. Based on this, the requirement to keep funds in reserve, equivalent to four months salary works out to **Rs. 12,69,770**.

In view of the foregoing discussion, apparently the school had available with it funds to the tune of **Rs. 1,13,44,552** (1,42,75,734 - 16,61,412 - 12,69,770)

The financial impact of implementation of the recommendations of VI Pay Commission, as worked out by the CAs is faulty and does not correspond to the figures given in the audited financials of the school. The CAs have extrapolated the difference in monthly salary which the school paid before implementation of VI Pay Commission report and that paid after its implementation. In view of the Committee, this is not the correct method of working out the incremental salary. The figures of expenditure on salary and payment of arrears of salary, as culled out from the audited financials of the school, are as follows:

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Particulars	2008-09	2009-10	Impact of VI Pay Commission
Arrear Salary	1,74,634	14,55,231	16,29,865
Regular/ Normal Salary	38,33,892	38,09,309	(24,583)
Total Expenditure on salary as per Income & Expenditure a/c	40,08,526	52,64,540	16,05,282

It is apparent that the total impact of implementation of VI Pay Commission on the school was **Rs. 16,05,282** and not Rs. 25,07,305, as calculated by the CAs.

Thus, prima facie, the school did not need to hike its fee or recover any arrear fee for implementing the recommendations of VI Pay Commission, at all as it had funds to the tune of Rs. 1,13,44,552 as against the additional requirement of Rs. 16,05,282 for implementing the recommendations of VI Pay Commission.

In order to provide an opportunity of being heard, the Committee issued a notice dated 26/05/2015. However, the same was returned undelivered by the postal authorities with the remarks "left".

In order to verify the current status of the school, an email was sent to the Education Officer of Zone-28 of the Directorate of Education on 07/07/2015, to apprise the Committee of the present status of the school. As no response was received, two more emails were sent on 08/07/15 and 13/07/2015. However, the same also failed to evoke any response from the Education Officer. The Committee then sent a

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communication dated 15/07/2015 to the Dy. Director of Education (Central District) (DDE) on 15/07/2015 requiring it to furnish the required information. However, this letter was also not responded to by the DDE. The Committee sent a reminder dated 13/08/2015 to the DDE. This was replied by the DDE vide letter dated 24/08/2015. As per this letter, the Committee was informed that the school was closed in 2014 with the approval of the Competent Authority.

In view of the foregoing sequence, the Committee is of the view that the conclusion based on the calculations made by the CAs, as modulated by the Committee is that the school had sufficient funds of its own for implementing the recommendations of the VI Pay Commission without resorting to any fee hike or recovering any arrear fee, was correct.

In view of the foregoing discussion, the Committee is of the view that the school ought to refund the entire amount of arrear fee recovered by it, amounting to **Rs. 13,44,063**. Besides, it ought to refund the hike in regular tuition fee, amounting to **Rs. 200 per month w.e.f. 01/04/2009**. Both these refunds ought to be made along with interest @ 9% per annum from the date of collection to the date of refund.

Development fee:

In reply to the questionnaire issued by the Committee, the school stated that it had recovered a sum of **Rs. 6,58,314** as development fee in the year 2009-10 and **Rs. 7,57,837** in the year 2010-11. Although the school was recovering the development fee in the earlier years also, the

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Cambridge Primary School, New Rohtak Road, New Delhi-110005

Committee is concerned with the issue of recovery of development fee in 2009-10 and 2010-11 only as its mandate to examine the fee charged by the school pursuant to order dated 11/02/2009.

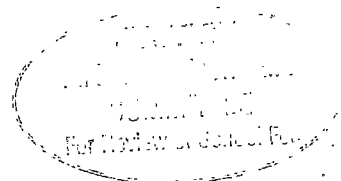
As per the details furnished by the school, nominal amounts were spent out of development fee and that too on revenue expenses like building repairs, general repairs etc. Further the school admitted that no earmarked fund accounts were maintained in respect of unutilised development fund and depreciation reserve fund on assets acquired out of development fund. The Hon'ble Supreme Court in the case of Modern School (supra), affirming the recommendations of the Duggal Committee on this issue, 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

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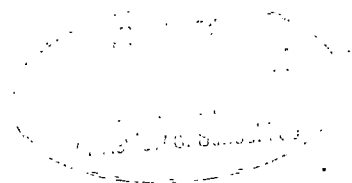
be collected only if the school maintains a depreciation reserve fund. In our view, direction no.7 is appropriate. If one goes through the report of Duggal Committee, one finds absence of non-creation of specified earmarked fund. On going through the report of Duggal Committee, one finds further that 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.

In view of the law laid down by the Hon'ble Supreme Court, the maintenance of depreciation reserve fund is a sine qua non for charging development fee. Since the school was not complying with this essential pre condition and further since the school was utilising the development fee for meeting its revenue expenditure, the school was not justified in charging any development fee and the same ought to be refunded. However, as observed earlier, this Committee is making

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Cambridge Primary School, New Rohtak Road, New Delhi-110005

recommendations only in respect of the development fee charged in the year 2009-10 and 2010-11. For the earlier years, the Director of Education may take an appropriate view in accordance with law.


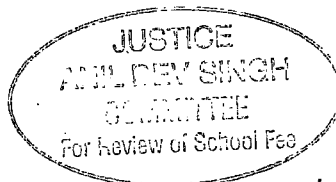
Recommendations:

In view of the foregoing discussion and determinations, the Committee recommends as follows:

- (i) The school ought to refund the entire amount of arrear fee amounting to Rs. 13,44,063 and the entire amount of fee hike of Rs. 200 per month w.e.f. 01/04/2009 till the date of closure of the school, along with interest @ 9% per annum from the date of collection to the date of refund.
- (ii) The school ought to refund the entire amount of development fee of Rs. 6,58,314 charged in the year 2009-10 and Rs. 7,57,837 in the year 2010-11, along with interest @ 9% per annum from the date of collection to the date of refund.
- (iii) Since this school is reported to have closed down in 2014 and this school is part of a group of schools namely, Cambridge Schools in Delhi, the students who were studying in this school must have been absorbed in the other groups schools and can be located without much difficulty. The Director of Education ought to

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Cambridge Primary School, New Rohtak Road, New Delhi-110005

ensure that the Management makes the appropriate
refunds to the students who are entitled to it.

Recommended accordingly.

Sd/-
CA J.S. Kochar
Member

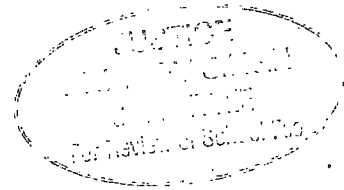
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Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated: 11/09/2015

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Skyhawk International School, Auchandi Border, Delhi-39

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the schools 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.

2. The school vide its letter dated 10.04.2012 responded to the questionnaire. As per the reply

(i) The school had implemented the recommendations of the 6th Pay Commission w.e.f. 01.04.2009.

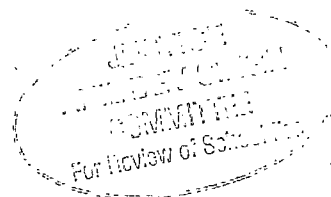
(ii) The school had hiked the fee in terms of the order of the Director of Education dated 11.02.2009, w.e.f. 01.04.2009.

(iii) The school had neither collected arrear fee from the students nor paid arrear salary to the staff.

3. On being requisitioned, the Committee also received the returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 from the concerned Deputy Director of Education.

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Skyhawk International School, Auchandi Border, Delhi-39

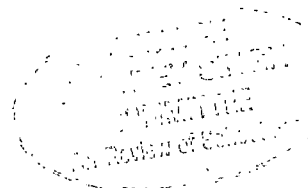
4. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.

5. In order to give an opportunity of being heard to the school, the Committee issued notice dated 10.01.2014 to the school for hearing on 03.02.2014. The notice required the school to furnish the information regarding fee and salaries in a structured format, duly reconciled with the income and expenditure accounts. The notice also required the school to furnish details of accrued liabilities of gratuity/leave encashment, if applicable to the school, statements of account of the parent society as appearing in the books of the school, bank statements highlighting the payments of arrear salary, copy of circular issued to the parents for enhancement of fee.

6. On 03.02.2014 Sh. Balraj Singh Lochab, Chairman of the Managing Committee, Sh.K.C.Arora and Sh. Vasudev Sharma P/T Accountant of the school attended the Office of the Committee and

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Skyhawk International School, Auchandi Border, Delhi-39

produced the record for the scrutiny by the Audit Officer of the Committee.

7. The record, in the first instance, was examined by Mrs. Sunita Nautiyal, Audit Officer of the Committee. She observed to the effect that:-


- (i) The school has claimed to have implemented the recommendations of the 6th Pay Commission w.e.f. 01.04.2009.
- (ii) The salary to the staff has been paid partly in cash and partly through bank transfer, without deducting TDS and PF.
- (iii) The school has not charged development fee from the students.

The school did not produce its fee record. However, the same was produced on 03.03.2014. On examination by the Audit Officer it has been reported that :-

- (i) The school hiked tuition fee in 2009-10 in terms of the order of the Director of Education dated 11.02.2009.
- (ii) During 2010-11, the hike was by Rs. 100/- for all classes.
- (iii) As per "Fee Structure" the school has hiked development fee.

It was further recorded by the Audit Officer that from the fee record and balance sheet, the school had not collected development fee in any of the years.

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Skyhawk International School, Auchandi Border, Delhi-39

The school also filed reply to the questionnaire regarding development fee. As per the reply, the school has not charged development fee from the students

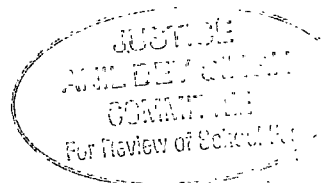
The Audit Officer after examination of the record produced by the school returned the same to the representative of the school.

8. In order to give an opportunity of being heard to the school, the Committee issued notice dated 06.04.2015 to the school for hearing on 20.04.2015. The notice required the school to furnish the information regarding fee and salaries in a structured format, duly reconciled with the income and expenditure accounts. The notice also required the school to furnish details of accrued liabilities of gratuity/leave encashment, if applicable to the school, statements of account of the parent society as appearing in the books of the school, bank statements high lighting the payments of arrear salary, copy of circular issued to the parents.

9. On 20.04.2015, Sh. Deepak Kumar and Sh. Vasudev Sharma, P/T Accountant of the school appeared before the Committee and produced record. It was contended that although the school did hike the

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Skyhawk International School, Auchandi Border, Delhi-39

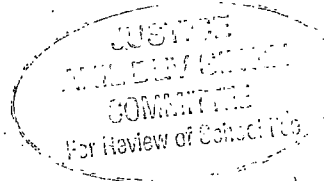
fee in 2009-10, but the hike was not in terms of the order dated 11-02-2009 of the Director of Education. As per the order, the school was permitted to hike the fee by Rs.100./- p.m. for some classes and Rs.200/- p.m. for some other classes but the school hiked the fee uniformly by Rs.100/- p.m. for all classes. Thus the hike in percentage terms, for classes III to X was only around 10% and for Nursery to IInd class, the hike was in excess of 14%.

With regard to development fee, the representatives stated that though the same was shown in the fee schedules but was not actually collected by the school.

Regarding implementation of the recommendations of the 6th Pay Commission, a feeble attempt was made to show that it was implemented prospectively w.e.f. 01.04.2009. The Committee on verification from the records produced by the school found that salary to a large majority of the staff was paid by bearer cheques without deducting TDS or PF. The representatives of the school conceded this position. The school was required to file details of salary paid to the staff by cash, by account payee cheques and by bearer cheques in the year 2009-10.

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Skyhawk International School, Auchandi Border, Delhi-39

10. The school vide its letter dated 27.04.2015 had furnished details of salary paid in cash, by bearer cheques and by account payee cheques. The summary of payment was as below;-

<u>Year</u>	<u>by cash & bearer cheques</u>	<u>by account payee cheques</u>
2008-09	100%	nil
2009-10	74%	26%
2010-11	54%	46%

The school was provided another opportunity of hearing on 12.08.2015.

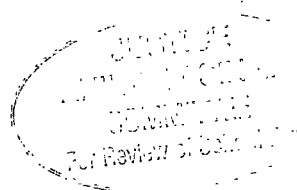
Discussion and findings

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
Nursery	400	500	100	500	nil
K.G.	500	600	100	700	100
I & II	600	700	100	800	100
III to V	700	800	100	900	100
VI to VII	800	900	100	1000	100
VIII & IX	900	1000	100	1100	100
X	1000	1100	100	1200	100

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Secretary



Skyhawk International School, Auchandi Border, Delhi-39

12. From the above, it is manifest that the school has increased the fee during the year 2009-10 in terms of the order of the Director of Education dated 11.2.2009 for class nursery. However, for other classes the hike was though not in terms of the aforesaid order yet, more than the tolerance limit of 10%. During 2010-11, there was hike by more than 10% for classes K.G. to class VII. For classes VIII & IX, hike was by 10% and there was no hike in tuition fee for class Nursery.

13. According to school it has implemented the recommendations of the 6th Pay Commission. The school has paid 54% to 74% salary in cash. We find the many schools have taken the plea that they had implemented the recommendations of the 6th Pay Commission by paying the salary to the teachers in cash/bearer cheques. Such a plea is not acceptable as there is no plausible and convincing reason, why the payment was not made by bank transfer or by account payee cheques. Therefore, in the opinion of the Committee, school did not implement the recommendations of the Sixth Pay Commission.

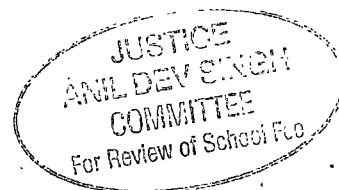
RECOMMENDATION

Re. Fee Hike

Since the school has hiked the tuition fee in 2009-10, in terms of the order of the Director of Education, without

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Skyhawk International School, Auchandi Border, Delhi-39

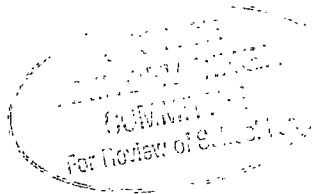
implementing the recommendations of 6th Pay Commission, we are of the view that the increase in fee, in excess of the tolerance limit of 10%, was unjustified. Therefore, the Committee recommends that the fee hike effected by the school in the year 2009-10 in excess of 10%, ought to be refunded along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

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, for above mentioned classes, ought also to be refunded along with interest @ 9% per annum from the date of its collection to the date of its refund.

Re : Development Fee

In view of the contradiction between the reply of the school and its oral submission on the one hand and the fee structure on the other hand, it is not possible for the Committee to arrive at a definite finding as to whether or not the school has charged the development fee. **Therefore, we recommend that the Director of Education may order special inspection of the school to ascertain the true state of affairs.**

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Secretary

Skyhawk International School, Auchandi Border, Delhi-39

In case after inspection it is found by the Director of Education that the school has charged development fee and has utilized and treated the same in violation of the norms laid down by the Duggal Committee and upheld by the Hon'ble Supreme Court in the case of Modern School, it may take such action as it deems fit subject to the orders of the Hon'ble Delhi High Court.

Recommended accordingly.

Sd/-

J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Dated : 04.09.2015

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Secretary



B-313

Kathuria Public School, Vasant Kunj, New Delhi-110070

1. 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.

On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.

2. The school responded to the questionnaire issued by the Committee on 27.02.2012. As per the reply:-

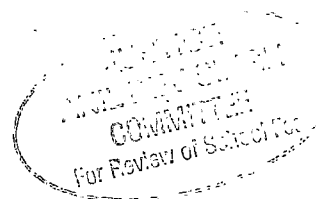
(i) The school implemented the recommendations of the Sixth Pay Commission w.e.f. 01.08.2009.

(ii) The school hiked tuition fee in terms of the order of the Director of Education w.e.f. 01.04.2008.

(iii) The school recovered arrears of fee from the students.

3. In order to give an opportunity of being heard to the school, the Committee issued notice on 26.10.2015 to the school for hearing on 09.11.2015. The notice required the school to furnish the information regarding fee and salaries in a structured format, duly reconciled with the income and expenditure accounts. The notice also required the

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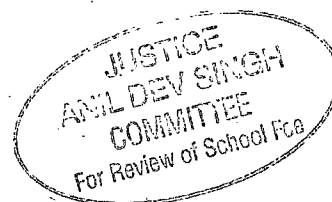
Kathuria Public School, Vasant Kunj, New Delhi-110070

school to furnish details of accrued liabilities of gratuity/leave encashment, if applicable to the school, statement of account of the parent society as appearing in the books of the school, bank statements highlighting the payments of arrear salary, copy of circular issued to the parents.

4. On 09.11.2015, Sh. Sushil, Accountant and Sh. Ajay, UDC representatives of the school appeared before the Committee and furnished required information. On perusal of the information the Committee noticed that the school collected a sum of Rs. 38.78 lacs as arrear of fee but did not pay any arrear salary to the staff. Further, the school claimed to have implemented the recommendations of the 6th. Pay Commission w.e.f. 01.08.2009 but the tuition fee had been hiked w.e.f.01.04.2009. The Committee observed that the salary was paid in cash.

In reply to the questionnaire of development fee, the school has submitted that the development fee was treated as revenue receipt and no earmarked accounts for development and depreciation reserve fund were maintained.

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Kathuria Public School, Vasant Kunj, New Delhi-110070

The Committee had also received a complaint through e-mail alleging inter alia, that the school regularly lets out its playground to different organisations. The complaint also mentions that the premises were used for Shiamak Davar dance classes. The representatives were confronted with this complaint. They confirmed the allegations to be true. However they maintained that they were not aware as to where the income from these activities goes. They also stated that definitely, it was not credited to the account of the school. The school also runs a Nursery school, whose accounts are kept separately from the account of the main school.

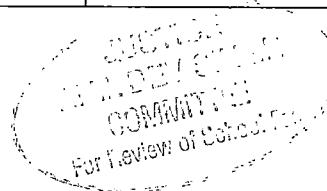
DISCUSSION

We have gone through the record and the submissions made by the representatives on behalf of the school. The following chart would show the exact extent of hike in tuition fee during the years 2008-09 to 2010-11 :-

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	The extent of Tuition Fee increased in 2009-10
I to V	1000	1350	350
VI to VIII	1180	1480	300
IX to X	1450	1750	300
XIA to XIIA	1580	1980	400
XIB to XIIB	1480	1880	400

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Kathuria Public School, Vasant Kunj, New Delhi-110070

5. From the above, it is manifest that the school had hiked tuition fee in 2009-10, in terms of the order of the Director of Education dated 11.2.2009.

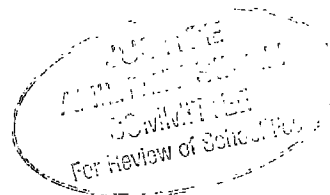
6. According to school it has implemented the recommendations of the 6th Pay Commission. But we find that salary has been paid in cash and arrears of salary have not been paid at all. We have come across many schools had pleaded that they had implemented the recommendations of the 6th Pay Commission by paying the salary/arrears of salary to the teachers in cash or through bearer cheques. Such a plea gives a lie to the stand of the school that it had implemented the recommendations of the 6th Pay Commission as there is no plausible and convincing reason, why the payment was not made by bank transfer or by account payee cheques. Therefore, in our view the school has failed to implement the recommendations of the Sixth Pay Commission.

RECOMMENDATION**Re. Fee Hike**

Since, the school had hiked the tuition fee in 2009-10, in terms of the order of the Director of Education, without implementing the

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Kathuria Public School, Vasant Kunj, New Delhi-110070

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.

Re; Arrear of Fee

The school has recovered a sum of Rs. 38.78 lacs as arrear of fee but did not pay arrear salary to the staff. **Therefore, an amount of Rs. 38.78 lacs recovered by the school as arrear fee ought also to be refunded along with interest @9% per annum from the date of its collection to the date of its refund.**

Re; Development Fee

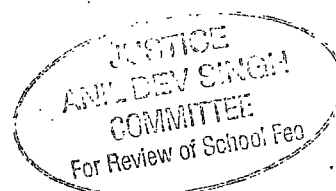
As per record the school has charged development fee from the students in the following manner:-

Year	Development fee collected
2009-10	Rs.7,36,750.00
2010-11	Rs.7,08,350.00

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. In

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Kathuria Public School, Vasant Kunj, New Delhi-110070

the circumstances, the Committee is of the view that the Development Fee charged by the school to the tune of Rs. 14,45,100.00 during the years 2009-10 and 2010-11 in the garb of the order of the Director of Education dated 11.02.2009 was not in accordance with law.

This being so, the school ought to refund the aforesaid development fee along with interest @ 9% per annum from the date of its collection to the date of its refund.

Special Inspection

The school premises is used for commercial purposes. The income generated from these activities is not reflected in the financials of the school. The school is also running a nursery school but its income is not reflected in the financials of the school. Therefore, the Committee is of the view that Director of Education may order a special inspection of the school and to take such action as permissible in law.

Recommended accordingly.

Sd/-

J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

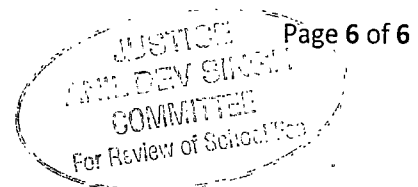
Sd/-

Dr. R.K. Sharma
Member

Dated :- 30.11.2015

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Secretary



Happy Time Public School, Bhajanpura, Delhi

1. 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.

On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.

2. The school responded to the questionnaire issued by the Committee on 06.05.2013 As per the reply:-

(i) The school implemented the recommendations of the Sixth Pay Commission w.e.f. 01.04.2010.

(ii) The school hiked tuition fee in terms of the order of the Director of Education w.e.f. 01.04.2009.

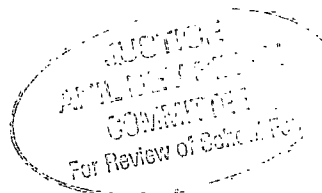
(iii) The school did not recover arrears of fee from the students.

(iv) The school did not collect development fee from the students.

3. In order to give an opportunity of being heard to the school, the Committee issued notice on 23.06.2015 to the school for hearing on 20.07.2015. The notice required the school to furnish the information

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Happy Time Public School, Bhajanpura, Delhi

regarding fee and salaries in a structured format, duly reconciled with the income and expenditure accounts. The notice also required the school to furnish details of accrued liabilities of gratuity/leave encashment, if applicable to the school, statement of account of the parent society as appearing in the books of the school, bank statements highlighting the payments of arrear salary, copy of circular issued to the parents.

4. On 20.07.2015, no one appeared before the Committee in spite of the notice of hearing delivered to the school on 24.06.2015, as confirmed through India Post Delivery system.

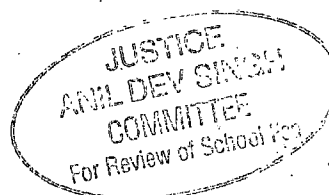
The school was provided further opportunities on 01.08.2015, 28.08.2015, 08.10.2015 and 15.10.2015 to produce its record but failed to do so.

5. On 04.11.2015, the Committee issued final notice to the school to provide last opportunity to produce its record on 30.11.2015.

6. On 30.11.2015, Sh. B.C. Sharma, C.A. appeared before the Committee. He filed written statement showing mode of payment of salary in 2008-09 and 2009-10. The Committee noticed that about entire salary was paid in cash. Further as per reply to the questionnaire,

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Happy Time Public School, Bhajanpura, Delhi

the school had implemented the recommendations of Sixth Pay Commission w.e.f. 01.04.2010, although the fee was hiked w.e.f. 01.04.2009. **The school did not produce any record to show that the recommendations of the aforesaid pay commission had been implemented w.e.f. 01.04.2010.**

DISCUSSION

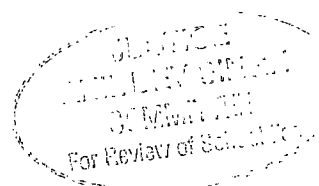
We have gone through the record and the submissions made by the representative on behalf of the school. The following chart would show the exact extent of hike in tuition fee during the years 2008-09 to 2010-11 :-

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	The extent of Tuition Fee increased in 2009-10	Tuition Fee during 2010-11
I to II	370	470	100	520
III to IV	400	500	100	550
V to VI	420	520	100	570
VII to VIII	450	550	100	620

7. From the above, it is manifest that the school had hiked tuition fee in 2009-10, in terms of the order of the Director of Education dated 11.2.2009. During 2010-11, the hike in tuition fee was by 10%.

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Happy Time Public School, Bhajanpura, Delhi

8. According to school it has implemented the recommendations of the 6th Pay Commission. But we find that salary has been paid in cash. We have come across many schools who had pleaded that they had implemented the recommendations of the 6th Pay Commission by paying the salary/arrears of salary to the teachers in cash or through bearer cheques. Such a plea gives a lie to the stand that recommendations of the 6th Pay Commission were implemented as there is no plausible and convincing reason, why the payments were not made by bank transfer or by account payee cheques. Therefore, in our view the school has failed to implement the recommendations of the Sixth Pay Commission.

9. As per record the school has not collected development fee from the students.

RECOMMENDATIONS

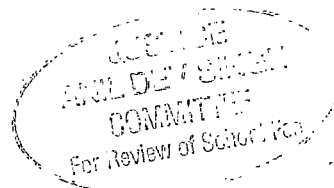
Re. Fee Hike

Since, the school had hiked the tuition fee in 2009-10, in terms of the order of the Director of Education, 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

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Secretary



Happy Time Public School, Bhajanpura, Delhi

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

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, for above mentioned classes, ought also to be refunded along with interest @ 9% per annum from the date of its collection to the date of its refund.

Special Inspection

Since the school failed to produce its original record for examination, therefore, the Committee is of the view that Director of Education may order a special inspection of the school as per the rules to ascertain the true state of affairs related to hike in tuition fee by the school.

Recommended accordingly.

Sd/-
J.S. Kochar
Member

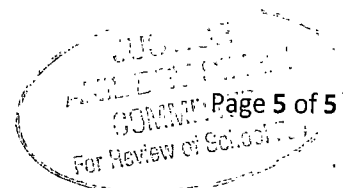
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated :- 09.12.2016

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Secretary



St. Andrews Scots Sr. Sec. School, I.P. Extension, Patparganj, Delhi-110092

In order to elicit the relevant information from the schools to arrive at proper conclusions with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school). This was followed by a reminder dated 27/03/2012. However, the school did not submit its response. The annual returns filed by the school under Rule 180 of Delhi School Education Rules, 1973 were requisitioned from the office of the concerned Dy. Director of Education. On prima facie examination of the returns, it appeared that the school had implemented the recommendations of VI Pay Commission and had also hiked the fee pursuant to order dated 11/02/2009 issued by the Director of Education. Accordingly the school was placed in category 'B' for the purpose of verification.

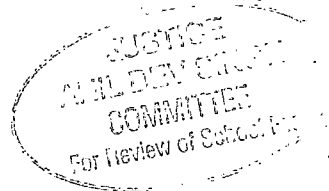
Vide letter dated 06/05/2013, the school was once again requested to furnish reply to the questionnaire issued by the Committee. Again the school failed to respond to the questionnaire, prompting the Committee to send reminders on 19/09/2013 and 10/10/2013. Finally the school relented and submitted its response vide letter dated 17/10/2013. As per the reply submitted by the school,

- (a) It had implemented the recommendations of VIth Pay Commission w.e.f. 01/04/2009. The arrear salary for the

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St. Andrews Scots Sr. Sec. School, I.P. Extension, Patparganj, Delhi-110092

period 01/01/2006 to 31/03/2009 was not paid by the school as it had not recovered the arrear fee for the corresponding period.

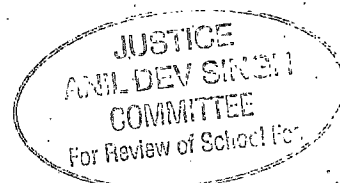
- (b) The monthly salary prior to implementation of VI Pay Commission report was Rs. 15,03,234, which rose to Rs. 17,96,412 after its implementation. (Effectively, the school stated that its monthly expenditure on salary rose by **Rs. 2,93,178** on account of implementation of VI Pay Commission report).
- (c) It had hiked the fee in pursuance of order dated 11/02/2009 issued by the Director of Education w.e.f. 01/04/2009. The school submitted the details of enrolment of students and the monthly tuition fee charged by the school for years 2008-09 and 2009-10.
- (d) The hike in monthly tuition fee was Rs. 400 per month for all the classes.
- (e) The school was not charging any development fee.

Before proceeding further, it would be apposite to mention the fee charged by the school for different classes in 2008-09 and 2009-10, as informed by the school. The same is as follows:

Class	Monthly Tuition Fee in 2008-09 (Rs.)	Monthly Tuition Fee in 2009-10 (Rs.)	*Monthly hike (Rs.)	*Percentage of fee hike
I to V	1575	1975	400	25.39%
VI to VIII	1600	2000	400	25.00%
IX to X	1650	2050	400	24.24%
XI to XII	1725	2125	400	23.19%

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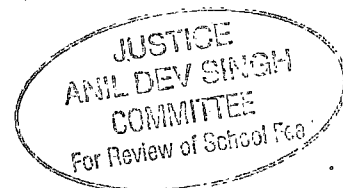
St. Andrews Scots Sr. Sec. School, I.P. Extension, Patparganj, Delhi-110092

*derived by the Committee

The preliminary calculations prepared by the audit officer of the Committee, based on the audited financials of the school, indicated a very horrific situation. As per the preliminary calculations, although the school claimed to have implemented the recommendations of VI Pay Commission prospectively w.e.f. 01/04/2009, the total increase in expenditure under the head salary was just Rs. 9,35,053, for the whole year. It rose from 2,21,34,049 in 2008-09 to just Rs. 2,30,69,102 in 2009-10. In percentage terms, it amounted to an increase of just 4.22%. It is noteworthy that in reply to the questionnaire issued by the Committee, the school had stated that its monthly expenditure on salary had gone up by Rs. 2,93,178. Going by this figure, the annual expenditure on salary should have gone up by Rs. 36.00 lacs approximately. Further, the hike in the fee revenue was an astounding 50% in 2009-10 as compared to 2008-09, although as per the fee details submitted by the school, the hike was around 25% for all the classes. Even after factoring in the increase in enrolment in 2009-10, the hike in fee was unconscionable. The audited financial did not give the breakup of fee charged under different heads. The audit officer while preparing the calculation sheet, added a note of caution that it appeared that the school had also recovered the arrear fee in accordance with the order dated 11/02/2009 issued by the Director of Education, despite the school stating to the contrary.

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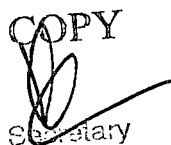


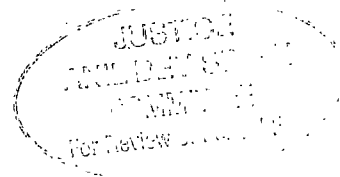
St. Andrews Scots Sr. Sec. School, I.P. Extension, Patparganj, Delhi-110092

The Committee vide notice dated 14/05/2015, required the school to furnish the breakup and detail of fee under various heads as well as breakup of salary paid during the years 2008-09, 2009-10 and 2010-11. Although the notice required that the information be furnished within 10 days, no response was received from the school. The Committee issued a fresh notice dated 23/09/2015, requiring the school to produce on 10/02/2014, its fee receipts, fee registers, cash book and ledgers, bank statements, salary register, provident fund and TDS returns besides furnishing the information as per the earlier notice dated 14/05/2015. The school was also afforded an opportunity of bearing heard on 12/10/2015 vide the aforesaid notice. The hearing was rescheduled for 17/10/2015. On this date, Sh. K.L. Malhotra, Accountant of the school appeared with Sh. Sanjay Rana. They furnished the information required by the Committee under cover of school's letter dated 17/10/2015.

During the course of hearing the representatives appearing for the school reiterated that the school had not recovered any arrear fee and consequently did not pay any arrear salary for the period 01/01/2006 to 31/03/2009. The tuition fee was increased by Rs. 400 per month only prospectively w.e.f. 01/04/2009. The representatives of the school were asked to give justification for a nominal increase in salary in 2009-10, despite the claim of the school that it had implemented the recommendations of VI Pay Commission.

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St. Andrews Scots Sr. Sec. School, I.P. Extension, Patparganj, Delhi-110092

They stated that this was on account of reduction in the number of teachers in 2009-10. The school was directed to furnish the month wise detail of the teachers on roll in 2008-09 and 2009-10, vis a vis the student strength in these years. The school furnished the same on 20/10/2015. The Committee directed its audit officer to verify the same and decipher the reasons for a nominal increase in salary in the year 2009-10. The statement submitted by the school was verified by the audit officer and she observed that

- (a) The teachers strength in 2008-09 was between 92 and 97 while in 2009-10, it dropped to between 72 and 85.
- (b) Mrs. P.L. Rana, Principal of the school, was being paid a special allowance of Rs. 1,50,000 per month upto June 2009. This allowance was discontinued w.e.f. July 2009 and this resulted in a decrease of Rs. 13,50,000 in the total annual salary for the year 2009-10.

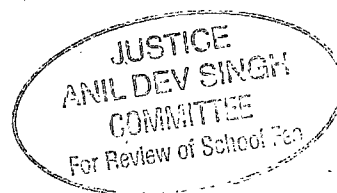
Discussion:

Regarding Fee charged by School

At the outset, it would be appropriate to give the head wise detail of fee charged by the school in 2008-09 and 2009-10. As per the information furnished by the school, the same is as follows:

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Secretary



St. Andrews Scots Sr. Sec. School, I.P. Extension, Patparganj, Delhi-110092

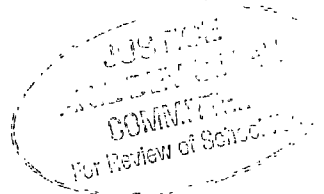
Head of Fee	2008-09 (Rs.)	2009-10 (Rs.)	Increase in 2009-10	
			Rs.	Percentage
Tuition Fee	40,842,400	54,240,000	13,397,600	32.80%
Annual Fee	584,000	7,670,000	7,086,000	1213.36%
Admission Fee	48,800	68,400	19,600	40.16%
Science & Home Science Fee	324,600	522,400	197,800	60.94%
Computer	185,800	255,600	69,800	37.57%
Fine & Other	216,722	418,796	202,074	93.24%
Transport	5,341,000	8,050,000	2,709,000	50.72%
Total	47,543,322	71,225,196	23,681,874	49.81%

The above table gives a sense of what the school has done. While the hike in tuition fee in 2009-10 at 32.80% more or less fits in place considering the increase in enrolment in 2009-10, the Committee observes that there was an astounding hike of 1213.36% in the fee under the head Annual Charges. As per the fee schedules filed by the school as part of its annual return, the annual charges charged by the school in 2008-09 were Rs. 3,000 while that charged in 2009-10 were Rs. 3,500. The hike in annual charges as per the fee schedules was a nominal 16.66%. The observations of the audit officer in the calculation sheet seem to be correct that the school recovered the arrear fee also, besides hiking the tuition fee w.e.f. 01/04/2009. However, since the school did not pay any arrear salary, it tried to mislead the Committee that it had not recovered any arrear fee. It appears that the school credited the arrear fee recovered to the head "Annual Charges/Fee" instead of showing it as arrear fee.

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St. Andrews Scots Sr. Sec. School, I.P. Extension, Patparganj, Delhi-110092Regarding Salary paid:

The Committee is of the view that the school has in actual fact not implemented the recommendations of VI Pay Commission even prospectively w.e.f. 01/04/2009 in view of the fact that the total expenditure on salary in 2009-10 showed a meager increase of 4.22% over the expenditure in 2008-09. The school adopted the usual modus operandi being adopted by many schools whereby they take many teachers of the rolls to show increased payment of salary as per the recommendations of VI Pay Commission to those remaining on the rolls. A part of the amount is received back in cash from the teachers who are shown on rolls and is disbursed to the teachers who are taken of the rolls. This belief is strengthened by the fact that in 2009-10 the enrolment of students actually rose from 2157 to 2428 i.e. by 12.56%. Instead of increasing the number of teachers to cater to the increased strength of students, the number of teachers shown on the rolls came down from around 96-97 to around 84-85 i.e. by about 12.50%. Instead of a direct proportion between the number of students and number of teachers, the school showed an inverse proportion. Further, the fact that the Principal of the school is shown to have accepted a cut of Rs.1,50,000 per month in her salary itself indicates that the salaries being shown in the records of the school are not the true salaries being paid to the staff. No person would accept such a heavy reduction in his or her salary for any reason

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St. Andrews Scots Sr. Sec. School, I.P. Extension, Patparganj, Delhi-110092

whatsoever. It is strange that while the salary of other staff members are shown as having increased on account of purported implementation of the recommendations of 6th Pay Commission, the salary of the Principal was reduced to one fourth of what she was getting earlier.

Conclusion:

In view of the foregoing discussion, the Committee is of the view that on one hand, the school did not implement the recommendations of VI Pay Commission, on the other it not only hiked the tuition fee to the maximum extent permitted by the Director of Education for the purpose of such implementation but also appears to have recovered the arrear fee in terms of the order dated 11/02/2009 issued by the Director of Education. Even if that is not true, the school unconscionably hiked the annual charges in the year 2009-10 as compared to 2008-09.

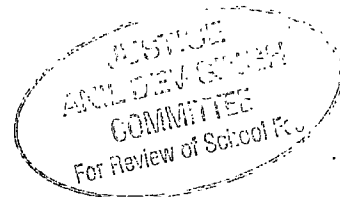
Recommendations:

The Committee is of the view that the school ought to refund the entire hike in fee in 2009-10, be it under the Head Tuition Fee or under the Head Annual Charges or under any other Head (except Transport Fee) in so far as it exceeds 10% of the fee charged under the corresponding Head in 2008-09. The amount

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St. Andrews Scots Sr. Sec. School, I.P. Extension, Patparganj, Delhi-110092

of fee as aforementioned ought to be refunded along with interest @ 9% per annum from the date of collection to the date of refund.

The Director of Education also ought to conduct a special inspection in the affairs of the school as many unusual things are happening here.

Recommended accordingly.

Sd/-
CA J.S. Kochar
Member

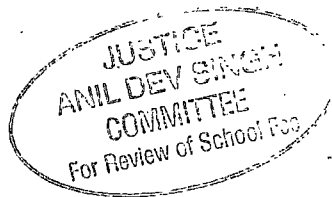
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated: 29/10/2015

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Dayanand Model School, West Patel Nagar Delhi-110008

1. 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.

On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.

2. The school responded to the questionnaire issued by the Committee. As per the reply:-

(i) The school implemented the recommendations of the Sixth Pay Commission w.e.f. 01.12.2009.

(ii) The school hiked tuition fee in terms of the order of the Director of Education dated 01.12.2009.

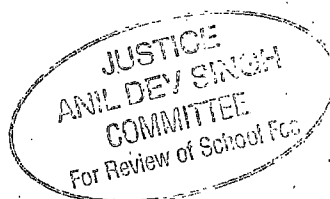
(iii) The school neither collected arrears of fee from the students nor paid arrears of salary to the staff.

(iv) The school collected development fee from the students.

3. In order to give an opportunity of being heard to the school, the Committee issued notices on 20.08.2015 and 04.09.2015 to the school

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Dayanand Model School, West Patel Nagar Delhi-110008


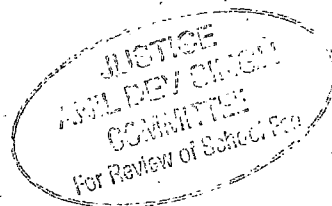
for hearing on 02.09.2015 and 21.09.2015, respectively. The notices required the school to furnish the information regarding fee and salaries in a structured format, duly reconciled with the income and expenditure accounts. The notices also required the school to furnish details of accrued liabilities of gratuity/leave encashment, if applicable to the school, statement of account of the parent society as appearing in the books of the school, bank statements highlighting the payments of arrear salary, copy of circular issued to the parents.

8. On both the dates no one appeared before the Committee for examination of the original record. It was confirmed through India Post Tracking System that both the notices were delivered to the school on 22.08.2015 and 08.09.2015 respectively.

DISCUSSION

The Committee has perused the record received through the concerned Dy. Director of Education and the school. The following chart would show the exact extent of hike in tuition fee during the years 2008-09 to 2010-11 :-

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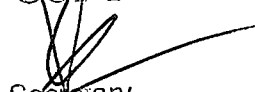
Dayanand Model School, West Patel Nagar Delhi-110008

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	The extent of Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11	Tuition Fee during 2011-12	Tuition Fee increased in 2011-12
Nurs. to K.G.	770	770	NIL	1048	270	1153	105
I to V	930	930	NIL	1220	290	1342	122
VI to VIII	946	946	NIL	1238	292	1362	124
IX to X	1045	1045	NIL	1453	408	1598	145

10. From the above, it is manifest that the school had not increased the tuition fee during the year 2009-10 but in 2010-11, the hike had been in excess of the prescribed limit set out in the order of the Director of Education dated 11.2.2009. During 2011-12, the hike in tuition fee was by 10%.

11. As per record the school has implemented the recommendations of the 6th Pay Commission but the school failed to appear before the Committee even after providing two opportunities. It appears that the school wilfully prevented the Committee from examining its original records to hide true state of affairs. This fact gives a lie to the stand of

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Secretary


Dayanand Model School, West Patel Nagar Delhi-110008

the school that it had implemented the recommendations of the 6th Pay Commission. Therefore, in our view the school has not implemented the recommendations of the Sixth Pay Commission.

RECOMMENDATION

Re. Fee Hike

Since the school has hiked the tuition fee in 2010-11, in excess of the prescribed limit of the order of the Director of Education, 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 2010-11 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.**

Further, 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, for above mentioned classes, ought also to be refunded along with interest @9% per annum from the date of its collection to the date of its refund.

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Dayanand Model School, West Patel Nagar Delhi-110008Re; Development Fee

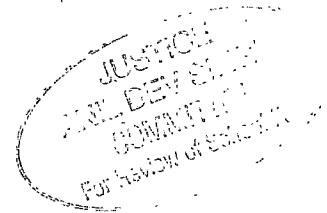
12. As per record the school has charged development fee from the students in the following manners;-

Year	Development fee collected
2009-10	Rs.6,40,100.00
2010-11	Rs.6,59,200.00

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. In the circumstances, the Committee is of the view that the Development Fee charged by the school to the tune of Rs. 1,299,300.00 during the years 2009-10 and 2010-11 in the garb of the order of the Director of Education dated 11.02.2009 was not in accordance with law.

This being so, the school ought to refund the aforesaid development fee along with interest @ 9% per annum from the date of its collection to the date of its refund.

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Dayanand Model School, West Patel Nagar Delhi-110008Special Inspection

Since the school failed to produce its original record and wilfully avoided examination of the same before the Committee, therefore, the Committee is of the view that Director of Education may order a special inspection of the school as per the rules to ascertain the true state of affairs of the school. **In case on inspection it is found by the Director of Education that the school is liable to return amounts in excess of what has been recommended by the Committee, it will be for the Director of Education to take such action as it deems fit subject to the orders of the Hon'ble Delhi High Court.**

Recommended accordingly.

Sd/-
J.S. Kochar
Member

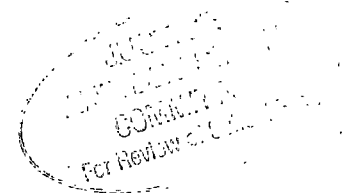
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated :- 03.11.2015.

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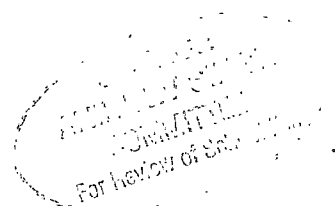
Secretary



New Jai Bharti Public School, Sangam Vihar, New Delhi-110062

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the schools 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.
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.
3. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.
4. By notice dated 23.06.2015, the school was asked to appear on 21.07.2015 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 it.

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New Jai Bharti Public School, Sangam Vihar, New Delhi-110062

5. On 21.07.2015, no one appeared before the Committee in spite of the delivery of the notice to the school on 26.06.2015, as confirmed through India Post Tracking System.

In the interest of justice one more opportunity for hearing on 01.08.2015 was provided to the school.

6. On 01.08.2015 also no one appeared before the Committee in spite of the delivery of the notice to the school on 27.07.2015, as confirmed through India Post Tracking System.

Since, the school is avoiding examination of its financials, the Committee has no alternative but to finalise its recommendations on the basis of record provided by the Dy. Director of Education, Distt. South, Defence Colony, New Delhi.

7. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during the years 2002-03 to 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 III	600	750	150	850	100
IV to V	650	800	150	900	100
VI to VIII	700	900	200	1000	100

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New Jai Bharti Public School, Sangam Vihar, New Delhi-110062

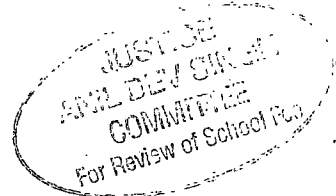
8. From the above, it is manifest that the hike in tuition fee during the year 2009-10, for classes VI to VIII was in terms of the order of the Director of Education dated 11.2.2009. For classes I to V though, hike in fee was not in terms of the aforesaid order yet, was in excess of the tolerance limit of 10%. During 2010-11, there was hike by more than 10% for all classes.
9. The school has wilfully avoided to appear before the Committee. The non- appearance of school is suggestive of the fact that the school does not wish to divulge the information that would have gone against it and would have shown that the school had not implemented the recommendations of the Sixth Pay Commission even though the fee was hiked as per the order of the Director of Education dated 11.02.2009.
10. As per the aforesaid returns the school has not charged development fee but this may not be so.

RECOMMENDATION**Re. Fee Hike**

Since, as per the aforesaid returns the school has hiked the tuition fee in 2009-10, in terms of the order of the Director of Education, 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

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New Jai Bharti Public School, Sangam Vihar, New Delhi-110062

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.

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, for above mentioned classes, ought also to be refunded along with interest @9% per annum from the date of its collection to the date of its refund.

Special Inspection

Since the school failed to produce its original record and wilfully avoided examination of the same before the Committee, therefore, the Committee is of the view that Director of Education should order a special inspection of the school as per the rules to ascertain the true state of affairs of the school.

In case on inspection it is found by the Director of Education that the school is liable to return amounts in excess of what has

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New Jai Bharti Public School, Sangam Vihar, New Delhi-110062

been recommended by the Committee, it will be for the Director of Education to take such action as it deems fit subject to the orders of the Hon'ble Delhi High Court.

Recommended accordingly.

Sd/-
J.S. Kochar
Member

Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated : 10.08.2015

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Secretary

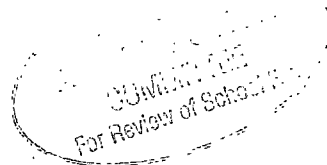


R.D. Rajpal Public School, Sector-09, Dwarka, New Delhi-77.

1. The school did not respond to the questionnaire issued by the Committee on 27.02.2012 within the specified time. 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.
2. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.
3. The office of the Committee vide mail dated 21.10.2013 directed the school to furnish information as per the questionnaire.
4. The school vide letter dated 30.10.2013 submitted the reply to the questionnaire. As per the reply:-
 - (i) The school implemented the recommendations of the 6th Pay Commission w.e.f. 01.04.2009,
 - (ii) The school hiked the fee in terms of the order of the Director of Education dated 11.02.2009, w.e.f. 01.04.2009,
 - (iii) The school collected arrear fee from the students and

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R.D. Rajpal Public School, Sector-09, Dwarka, New Delhi-77.

(iv) The school collected Development Fee but did not create earmark Development fund or depreciation reserve fund.

5. In order to give an opportunity to the school to have its say in the matter, the Committee issued notice dated 20.08.2015 to it for hearing on 01.09.2015. The notice required the school to furnish the information regarding fee and salaries in a structured format, duly reconciled with the income and expenditure accounts. The notice also required the school to furnish details of accrued liabilities of gratuity/leave encashment, if applicable to the school, statements of account of the parent society as appearing in the books of the school, bank statements highlighting the payments of arrear salary, copy of circular issued to the parents.

6. On 01.09.2015, no one appeared before the Committee in spite of the service of notice of hearing on it as confirmed through India Post Tracking system. It appears that the school has wilfully absented itself to avoid the examination of its financials to hide the true state of affairs. In the circumstances Committee has no option but to finalise its recommendations on the basis of record made available by the Dy. Director of Education of the concerned District.

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R.D. Rajpal Public School, Sector-09, Dwarka, New Delhi-77.Discussion and findings


7. 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: -

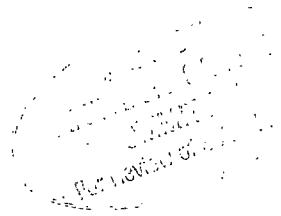
Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	The extent of Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11.
I to V	1500	1800	300	1980	180
VI to VIII	1550	1950	400	2150	200
IX & X	1900	2270	370	2500	230
XI & XII	2500	3000	500	3300	300

8. From the above, it is manifest that the school has increased the fee during the year 2009-10 in terms of the order of the Director of Education dated 11.2.2009 for all classes. During 2010-11, the hike in tuition fee was by 10%.

9. The school has also collected arrear of fee to the tune of Rs. 40,65,073.00 from the students.

10. As per the aforesaid reply of the school dated 30.10.2013 to the questionnaire the school has claimed to have implemented the recommendations of the Sixth Pay Commission. But its failure to appear before the Committee shows that it wanted to hide the true state of affairs prevailing in the school. Had the school implemented the recommendations of the Sixth Pay Commission it would have appeared

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R.D. Rajpal Public School, Sector-09, Dwarka, New Delhi-77.

before the Committee with the original record. In the circumstance the claim of the school that it had implemented the recommendations of the Sixth Pay Commission can not be accepted.

RECOMMENDATIONS

Re. Fee Hike

Since the school has hiked the tuition fee in 2009-10, in terms of the order of the Director of Education, 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.

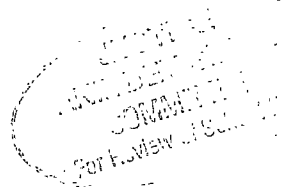
Further, the fee hiked in 2009-10 is also part of the fee for the subsequent years, there would be a ripple effect in the subsequent years and the fee of the subsequent years to the extent, it is relatable to the fee hiked in 2009-10, for above mentioned classes, ought also to be refunded along with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

Re. Arrears of Fee.

The school has also collected arrear of fee to the tune of Rs.40,65,073.00. The same ought to be refunded along with interest

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R.D. Rajpal Public School, Sector-09, Dwarka, New Delhi-77.

@ 9% per annum from the date of its collection to the date of its refund.

Re: Development Fee

11. As per record the school has charged development fee in the following manner ;

<u>Year</u>	<u>Development Fee Charged</u>
2009-10	Rs. 33,83,000.00
2010-11	Rs. 43,50,590.00

The development fee has been treated as a revenue receipt and no separate Depreciation reserve fund and Development Fund account had been created.

In the circumstances, 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, (2004) 5 SCC 583. Therefore, the Development Fee charged by the school to the tune of Rs. 77,33,590.00 during the years 2009-10 and 2010-11 in the garb of the order of the Director of Education dated 11.02.2009 was not in accordance with law. This being so, the school ought to refund the aforesaid development fee along with

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R.D. Rajpal Public School, Sector-09, Dwarka, New Delhi-77.

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

Special Inspection

Since the school failed to produce its original record and wilfully avoided examination of the same before the Committee, therefore, the Committee is of the view that Director of Education may order a special inspection of the school as per the rules to ascertain the true state of affairs of the school.

In case on inspection it is found by the Director of Education that the school is liable to return amounts in excess of what has been recommended by the Committee, it will be for the Director of Education to take such action as it deems fit subject to the orders of the Hon'ble Delhi High Court.

Recommended accordingly.

Sd/-

J.S.Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

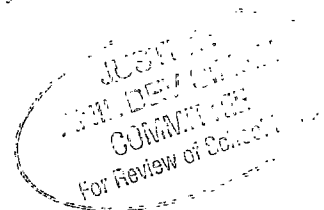
Sd/-

Dr.R.K.Sharma
Member

Dated: 10.09.2015.

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Secretary

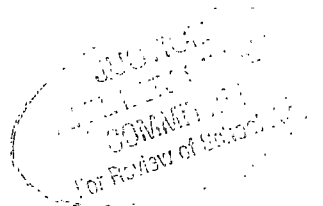


Green View Public School, Dwarka Vihar, Najafgarh, New Delhi-43

1. The school did not respond to the questionnaire issued by the Committee on 27.02.2012 within the specified time. 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.
2. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.
3. The office of the Committee vide mail dated 29.07.2013 directed the school to furnish information as per the revised questionnaire.
4. The school vide letter dated 10.08.2013 submitted the reply to the revised questionnaire. As per the reply:-
 - (i) The school had implemented the recommendations of the 6th Pay Commission w.e.f. 01.04.2009.
 - (ii) The school had hiked the fee in terms of the order of the Director of Education dated 11.02.2009, w.e.f. 01.04.2009.
 - (iii) The school had neither collected arrear fee from the students nor paid arrear salary to the staff.

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Green View Public School, Dwarka Vihar, Najafgarh, New Delhi-43

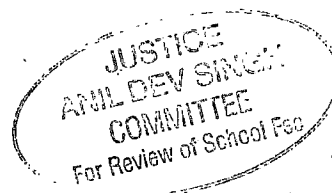
5. In order to give an opportunity of being heard to the school, the Committee issued notice dated 09.07.2015 to the school for hearing on 29.07.2015. The notice required the school to furnish the information regarding fee and salaries in a structured format, duly reconciled with the income and expenditure accounts. The notice also required the school to furnish details of accrued liabilities of gratuity/leave encashment, if applicable to the school, statements of account of the parent society as appearing in the books of the school, bank statements highlighting the payments of arrear salary, copy of circular issued to the parents.

6. On 29.07.2015, Sh. Rajbir Singh Dabas, Secretary of the society and Sh. Neeraj Kumar Gupta, Accountant of the school appeared before the Committee but did not produce the original record.

The representatives of the school contended that the school hiked the fee as per the order dated 11.02.2009 of the Director of Education and prospectively implemented the recommendations of the Sixth Pay Commission w.e.f. 01.04.2009. The arrear fee was neither recovered nor was the arrear salary paid to the staff. It was contended that the salary was paid by direct bank transfer. However, the contention of the school could not be verified as the school did not produce its books of accounts

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as was required vide the Committee's notice. The Committee had examined the bank statements of the school and observed that the cash was deposited on the very date on which the salary cheque was debited in the bank. The amounts were deposited through different pay slips of Rs. 95,000/- each. With regard to development fee it was submitted that till 2009-10, no development fee was charged. In 2010-11, it was charged for the first time and the total collection on this account was Rs.13,02,860. However, in this year, the fee under another head "other charges" was discontinued. The collection under other charges in 2009-10 was Rs.10,27,365/-.

7. The school vide notice dated 01.08.2015 was provided another opportunity of hearing and to produce its books of account for verification.

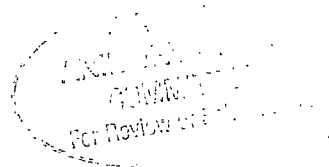
On scheduled date Sh. Neeraj kumar Gupta, Accountant of the school appeared before the Committee but did not produce books of accounts of the school.

Discussion and findings

8. 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: -

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Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	The extent of Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I & II	440	540	100	600	60
III to V	500	600	100	650	50
VI to VIII	550	750	200	825	75
IX	600	800	200	880	80
X	650	850	200	935	85

9. From the above, it is manifest that the school has increased the fee during the year 2009-10 in terms of the order of the Director of Education dated 11.2.2009 for all class. During 2010-11, the hike in tuition fee was by 10%.

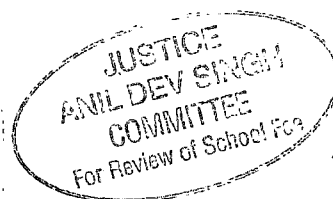
10. According to school it has implemented the recommendations of the 6th Pay Commission, but the school wilfully avoided its original books of accounts to be examined by the Committee in-spite of providing two opportunities of hearing. In such circumstances the contention of the school that it had implemented the recommendations of the Sixth Pay Commission cannot be accepted.

RECOMMENDATIONS**Re. Fee Hike**

Since the school has hiked the tuition fee in 2009-10, in terms of the order of the Director of Education, without implementing the recommendations of 6th Pay Commission, we are of the view that the increase in fee, in excess of the tolerance limit

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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.

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, for above mentioned classes, ought also to be refunded along with interest @9% per annum from the date of its collection to the date of its refund.

Re: Development Fee

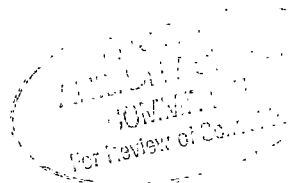
11. As per record the school has charged development fee by changing its nomenclature as "annual charges" in the following manner ;

<u>Year</u>	<u>Development Fee Charged</u>
2009-10	Rs. 10,27,365.00
2010-11	Rs. 13,02,860.00

The development fee has been treated as a revenue receipt and no separate depreciation reserve fund and development fund had been maintained.

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In the circumstances, 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, (2004) 5 SCC 583. Therefore, the Development Fee charged by the school to the tune of Rs. 23,30,225.00 during the years 2009-10 and 2010-11 in the garb of the order of the Director of Education dated 11.02.2009 was not in accordance with law. This being so, the school ought to refund the aforesaid development fee along with interest @ 9% per annum from the date of its collection to the date of its refund.

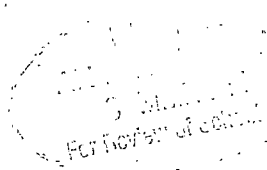
Special Inspection

Since the school failed to produce its original record and wilfully avoided examination of the same before the Committee, therefore, the Committee is of the view that Director of Education should order a special inspection of the school as per the rules to ascertain the true state of affairs of the school.

In case on inspection it is found by the Director of Education that the school is liable to return amounts in excess of what has

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been recommended by the Committee, it will be for the Director of Education to take such action as it deems fit subject to the orders of the Hon'ble Delhi High Court.

Recommended accordingly.

Sd/-

J.S.Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

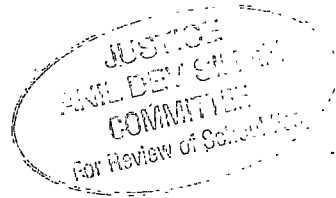
Sd/-

Dr.R.K.Sharma
Member

Dated:- 31.08.2015.

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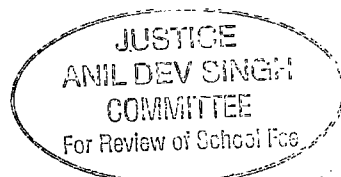
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In order to elicit the relevant information from the schools to arrive at proper conclusions with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school). The school did not respond to the questionnaire.

The returns filed by the school under Rule 180 of Delhi School Education Rules were requisitioned from the office of the concerned Dy. Director of Education. In order to verify the information as contained in the returns, the Committee issued a notice dated 13/06/2013 requiring the school to produce before its audit officer on 27/06/2013, the following records, amongst others, for the years 2008-09 to 2010-11:

- (a) Fee receipts
- (b) Salary payment registers along with bank statements
- (c) Cash Books & Ledgers
- (d) Copies of Provident Fund and TDS returns

The school was also issued a revised questionnaire, incorporating therein the relevant queries regarding charge and utilisation of development fee and maintenance of earmarked development and depreciation reserve funds. However, no one on behalf of the school appeared on the date fixed nor any intimation was received from the school. Accordingly a fresh notice was issued on 15/07/2013, requiring the school to produce the records on



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06/08/2013. However, again no body appeared on the scheduled date. However, a letter dated 06/08/2013 was delivered at the dak counter of the Committee, enclosing therewith copies of fee structures of the school and some sample fee receipts issued by the school. Surprisingly, the school in the letter, stated that the time available with the school was very short to arrange the production of the records for three years. It was mentioned in the letter that some records were lost in the past for which an FIR had been lodged, a copy whereof was also enclosed along with the copy of complaint filed by the school with the police. The complaint filed with the police stated that the accountant of the school (Ms. Kanchan Singh) had lost the minutes book, pay bill register, cash book, some vouchers, challans books, service books etc. while coming back by metro from the auditor's office. Although the complaint did not specify to which year the records pertained, presumably they pertained to F.Y. 2010-11 as that is the time the audit of accounts of the school would be taking place.

A fresh notice was issued to the school on 13/09/2013 requiring it to produce the records in the office of the Committee on 08/10/2013. On this date, although Sh. Ravi Goyal, Manager and Sh. Rakesh Kumar, Chartered Accountant of the school appeared but even complete fee and salary records of the school were not produced. In the interest of justice, last opportunity was granted to the school to produce the same on 25/10/2013. On this date, the school produced



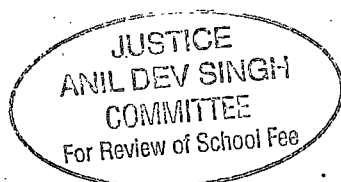
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its fee and salary records but did not produce its books of accounts i.e. Cash Book & Ledger on the ground that they had been lost for which the FIR had been filed. The school also filed reply to the revised questionnaire issued by the Committee from which it follows as under:

- (a) It had implemented the recommendations of VIth Pay Commission w.e.f. April 2009. As for the arrear salary, the school merely mentioned a date i.e. 31/08/2009, without mentioning the amount of arrears paid.
- (b) The school had hiked the fee as per order dated 11/02/2009 issued by the Director of Education w.e.f. April 2009, which was Rs. 400 per month or Rs. 500 per month depending upon the category in which the different classes fell as per the fee charged for the year 2008-09.
- (c) The school had recovered arrear fee as per the aforesaid order but no details were given.
- (d) The school charged development fee in the years 2007-08 to 2010-11 and the same was treated as a revenue receipt. In 2009-10, a sum of Rs. 13,10,978 was recovered while in 2010-11, the amount recovered on this account was Rs. 18,61,725.
- (e) With regard to maintenance of earmarked accounts for development fund and depreciation reserve fund, the school conveniently stated that the information was given in Annexure V & VI, which were in fact not enclosed.



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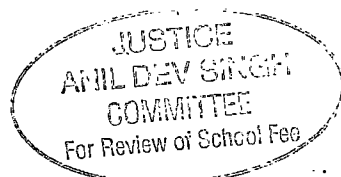

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The fee and salary records produced by the school were examined by Sh. A.D. Bhateja, audit officer of the Committee. He observed that the school had only partially implemented the recommendations of VI Pay Commission, in as much as the transport allowance was not paid to the staff and the DA was not paid in full as per the recommendations of VI Pay Commission. He further recorded that the school had paid a sum of Rs. 17,14,285 as arrear salary to staff. The salary was paid by account payee cheques after deduction of TDS. The fee hike by the school was in accordance with the reply given by the school. He further added that the school had recovered a sum of Rs. 17,46,142 towards arrear fee.

The school requested for some more time to produce the cash book & ledger and the audit officer allowed them to produce the same on 06/11/2013. However, the school did not produce the same inspite of further time being allowed at its request. On the contrary, on 25/11/2013, the school submitted a letter that it is not possible to produce the same as they had been lost.

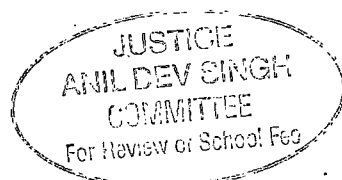
The Committee issued a notice dated 12/08/2014 for providing it an opportunity of being heard on 24/09/2014. The notice required the school to furnish complete break up of fee and salary for the years 2008-09 to 2010-11 as per the audited Income & Expenditure Accounts, showing separately the arrear fee and salary and regular fee and salary for the respective years, details of accrued liabilities of



gratuity and leave encashment and statement of account of the parent society as appearing in the books of the school. The school was also required to produce its complete accounting fee and salary records for perusal by the Committee. However, nobody appeared on behalf of the school on the date fixed and instead a letter was received seeking 15 days time. A fresh hearing was fixed vide notice dated 25/09/2014 for 17/10/2014. The school again requested for adjournment. Accordingly last opportunity was given to the school to appear on 03/11/2014. On this date, Ms. Kanchan, Accountant of the school appeared along with Sh. Rakesh Kumar, Chartered Accountant but again no details of records were produced by them. On the request of the representative of the school, the matter was once again adjourned for 19/11/2014. On this date, Ms. Kanchan again appeared and produced some inchoate records and again requested for adjournment due to non availability of the Chartered Accountant of the school. The hearing was refixed for 07/01/2015. On this date, Ms. Kanchan and Sh. Rakesh, Chartered Accountant appeared and finally furnished the information required vide Committee's Notice dated 12/08/2014. As per the information furnished by the school:

(a) It had paid arrear salary only to the tune of Rs. 9,39,598.

However, the audit officer of the Committee, as already pointed out, had made an observation that the school had paid arrears to the tune of Rs. 17,14,285. The amount



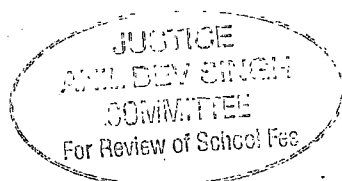
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actually paid as per the certificates received from the bank was Rs. 9,38,063.

- (b) The school had recovered arrear fee to the tune of Rs. 1,02,350. However, the audit officer of the Committee had made an observation that the school had recovered arrear fee to the tune of Rs. 17,46,142.
- (c) The school was transferring huge sums of money to its parent society.
- (d) The school was repaying principal amount as well as interest on various loans taken by it for the purpose of construction of building and purchase of buses and other fixed assets.
- (e) The school did not have any accrued liabilities of gratuity or leave encashment upto 31/03/2010.
- (f) Upto 31/03/2011, the school treated development fee as a revenue receipt without maintaining any earmarked accounts for development fund or depreciation reserve fund.

The school again did not produce its books of accounts, maintaining that they had been lost.

Based on the information furnished by the school on 07/01/2015 as well as its audited financials, the Committee prepared a preliminary calculation sheet, which is as follows:



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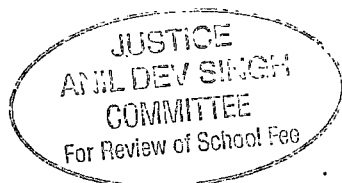

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Statement showing Fund available as on 31-03-2008 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report			
	Particulars	Amount (Rs.)	Amount (Rs.)
	Inter Branch/ Head Office Balance		24,678,810
	Funds apparently diverted in payment of interest and repayment of loans from 2006-07 to 2009-10		58,845,721
	<u>Current Assets + Investments</u>		
	Cash in hand	58,450	
	Bank Balance	(84,374)	
	Sundry Debtors (Fees receivable)	21,905	
	Advance to Supplier	30,000	
	Prepaid Insurance	81,075	
	TDS receivable	1,457	
	FDRs	118,585	227,098
			83,751,629
Less	<u>Current Liabilities</u>		
	Sundry Creditors	431,079	
	TDS Payable	5,764	
	Audit Fee payable	10,000	
	Fee received in advance	663,495	
	Caution Money	173,000	1,283,338
	Net Current Assets + Investments+ Funds Diverted		82,468,291
Add			
Less	Total Liabilities after implementation of Vth Pay Commission		
	Arrear of Salary as per VI th Pay Commission (as verified from Bank Certificate)	938,063	
	Incremental Salary in 2009-10 (as per calculation given below)	6,192,036	7,130,099
	Excess / (Short) Fund Before Fee Hike		75,338,192
Add	Total Recovery after VI th Pay Commission		
	Recovery of Arrears of tuition fee	102,350	
	Incremental Tuition Fee in 2009-10 as per calculation given below	4,824,264	4,926,614
	Excess / (Short) Fund After Fee Hike		80,264,806
Less	Reserve required to be maintained:		
	for future contingencies (equivalent to 4 months salary)	4,266,874	
	for Gratuity as on 31.03.2010	-	
	for Leave Encashment as on 31.03.2010	-	4,266,874
	Excess / (Short) Fund		75,997,932

	2008-09	2009-10
Salary	6,608,585	12,800,621
Incremental Salary in 2009-10	6,192,036	

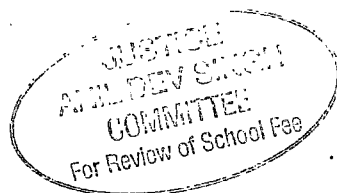
	2008-09	2009-10
Tuition Fee	10,862,031	15,686,295
Incremental Tuition Fee in 2009-10	4,824,264	



<u>Statement showing diversion of funds towards repayment of loans and interest</u>				
	31.3.2007	31.3.2008	31.3.2009	31.3.2010
Secured Loans (for building, buses & cars)	61,540,254	52,349,717	42,200,335	26,489,037
Decrease in Secured Loans in 2007-08	9,190,537			
Decrease in Secured Loans in 2008-09	10,149,382			
Decrease in Secured Loans in 2009-10	15,711,298			
Interest on loans paid in 2006-07	7,106,901			
Interest on loans paid in 2007-08	7,423,556			
Interest on loans paid in 2008-09	5,707,054			
Interest on loans paid in 2009-10	3,556,993			
Total Diversion of funds towards repayment of loans and interest	58,845,721			

A copy of the above calculation sheet was furnished to the school along with notice dated 23/06/2015 fixing the hearing for 21/07/2015. The school was given an opportunity to have its say on the calculation sheet.

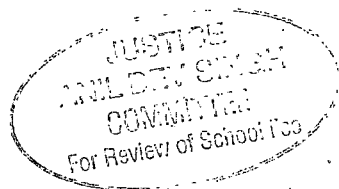
On the date fixed for hearing, Sh. Rakesh Garg, CA and Sh. Ravi Goyal, Manager of the school appeared and filed written submissions dated 21/07/2015 in rebuttal of the preliminary calculation sheet. Only two items taken in the calculation sheet were disputed by the school. These were the Inter branch/Head Office balance of Rs. 2,46,78,810 and funds apparently diverted for payment of interest and repayment of loans amounting to Rs. 5,88,45,721, which were considered by the Committee as part of funds deemed to be available



with the school which were generated out of the fee of the students, as they had either been diverted to the parent society or were utilised for capital expenditure on purchase of fixed assets and construction of school building.

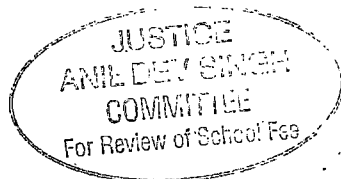
In its rebuttal, the school stated as follows:

- (a) The total cost incurred on establishment of the school was Rs. 10,10,46,483 out of which a sum of Rs. 6,25,00,000 was financed by the bank and the balance amount was contributed by the members/trustees of the society. Out of the repayments of loan and interest, a proportion which pertains to loan for furniture, fixture & equipments and vehicles should be reduced from the funds apparently diverted by the school and such proportionate amount is Rs. 1,45,09,006. Further, the society contributed Rs. 5,85,50,000 to the school during the period 2006-07 to 2009-10, which was partly utilised by the school for repayment of loans and interest. No regard has been given to this effect in the preliminary calculations made by the Committee.
- (b) On account of taking both the amount of loans repaid and the amounts transferred to the society, there is a double effect to the tune of Rs. 2,46,78,810.



Surprisingly, the school which had all along maintained that it had lost its books of accounts for which a police complaint had also been made and an FIR was registered, in order to buttress its submissions, enclosed copies of the ledger accounts of Nav Jagriti Niketan Education Society (the parent society of the school) for all the five years i.e. 2006-07 to 2010-11. This indicates that the school was all along taking liberties with the truth, with a view to hiding the actual state of its finances, from the Committee.

The Committee felt that the contentions raised by the school could only be verified if the financials of the parent society were also before the Committee. Accordingly the school was asked to file the audited financials of the society for the years 2006-07 to 2010-11, which the school filed. The Committee issued a final notice to the school for hearing on 15/12/2015. On this date, Sh. Rakesh Kumar appeared with a request letter seeking adjournment. The matter was adjourned to 23/12/2015. However, on account of certain exigencies, the meeting of the Committee could not be held on 23/12/2015. Sh. Ravi Goel, who appeared on that date was directed by the office of the Committee to appear on the next date which was scheduled for 26/12/2015. However, he expressed his inability to appear on that date. A final opportunity was given to the school to appear on 30/12/2015, vide notice dated 26/12/2015, which was served on the school by speed post as well as by email. Despite service of notices as

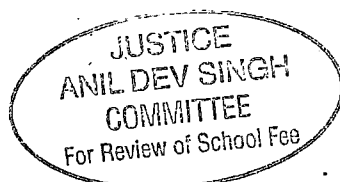


above, no one appeared on behalf of the school on 30/12/2015. Consequently the hearing was closed.

Discussion & Determination with regard to tuition fee:

It is apparent that from day one, the school has been trying to hide its books of accounts from the Committee. Neither were they produced before the audit officer of the Committee nor before the Committee at the time of hearing. The school had been taking repeated adjournments on one pretext or the other in order to somehow avoid detection of its true financial position. They tried to mislead the audit officer, who it appears, merely recorded the statement of the representative of the school with regard to receipt of arrear fee and payment of arrear salary.

However, the contentions raised by the school with regard to the manner of calculating the funds diverted towards repayment of loan and interest do have some merit in them. In view of the Committee, the amount diverted ought to have been calculated with reference to the net cash generated by the school (after meeting its revenue expenses). The diversion can only be that amount. The rest of the repayments, if made, would obviously come out of some capital receipts like contribution by society or by way of fresh loans. Therefore, the Committee has calculated the amount diverted for this purpose in the following manner:



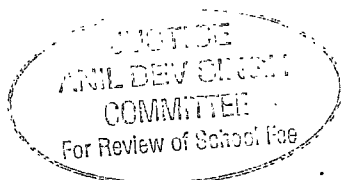
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	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>Total</u>
Net Profit as per Income & Expenditure Account	(8,495,499)	(5,030,596)	(2,098,341)	(996,605)	(16,621,041)
Add Depreciation	1,733,967	1,485,997	1,529,665	1,604,387	6,354,016
Add Interest on loans	7,106,901	7,423,556	5,707,054	3,576,655	23,814,166
Total Cash generated from operations (A)	345,369	3,878,957	5,138,378	4,184,437	13,547,141
Repayment of secured loans		9,190,537	10,149,382	3,556,993	22,896,912
Interest on secured loans	7,106,901	7,423,556	5,707,054	3,576,655	23,814,166
Total Cash outgo on repayment of loans and interest (B)	7,106,901	16,614,093	15,856,436	7,133,648	46,711,078
Amount of fee utilised for repayment of loans and interest (lower of (A) & (B))	345,369	3,878,957	5,138,378	4,184,437	13,547,141

As per the above calculation, the amount out of the fee revenues diverted by the school for repayment of loans for construction of building and purchase of other fixed assets for the years 2006-07 to 2010-11, is Rs. 1,35,47,141, which will be substituted in the final determination for the figure of Rs. 5,88,45,721, resulting in depletion of funds deemed to be available with the school to the tune of Rs. 4,52,98,580. This method also takes care of the alleged duplication in taking the figure of Inter Branch/Head Office balance.

No other figure of preliminary calculation sheet has been disputed by the school. The result of the above adjustment would be that the final surplus which was determined in the preliminary calculations gets reduced from Rs. 7,59,97,932 to Rs. 3,06,99,352, after taking into account the fee hike/fee arrears recovered and



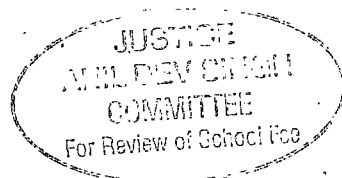
salary hike/salary arrears paid. The aggregate of fee hike and arrear fee recovered by the school pursuant to order dated 11/02/2009 was Rs. 49,26,614. This amount only contributed to the bulging surplus already available with the school.

The Committee is therefore of the view that the school was not justified either in hiking the fee in the year 2009-10 nor in recovering any arrear fee pursuant to order dated 11/02/2009 issued by the Director of Education. The entire fee hike and arrears recovered amounting to Rs. 49,26,614 ought to be refunded along with interest @ 9% per annum from the date of collection to the date of refund.

Discussion & Determination regarding Development Fee:

The school itself admitted that it was treating development fee in the years 2007-08 to 2010-11 and the same was treating as a revenue receipt. A sum of Rs. 13,10,978 was recovered in 2009-10, while in 2010-11, the amount recovered on this account was Rs. 18,61,725. In the written submissions filed on 21/07/2015, the school tried to justify the receipt of development fee by contending that the same had been spent for purchase of fixed assets.

The contention of the school cannot be accepted as the primary pre condition for charging the development fee is that the same is treated as a capital receipt which is credited to an earmarked development fund. The utilisation aspect would come to be considered only if the primary pre conditions are fulfilled.



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The Delhi High Court by its decision in Delhi Abibhavak Mahasangh v. Union of India and others AIR 1999 Delhi 124, had appointed a committee headed by Justice Santosh Duggal (Retd) to examine the justifiability or otherwise of the fee hiked by various schools. The Duggal Committee for the first time considered the issue with the unaided private schools could charge development fee, besides tuition fee. It made the following recommendations in this regard:

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)*

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

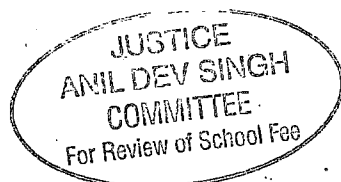


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Whether managements of Recognized unaided schools are entitled to set-up a Development Fund Account under the provisions of the Delhi School Education Act, 1973?

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 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*



Delhi International School, Dwarka, New Delhi-110077

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.

It is apparent that the first requirement to be fulfilled by the school for charging development fee is that it should be treated as a capital receipt and a development fund ought to be created for this purpose. The school cannot charge development fee if it is treated as an additional source of revenue. The Committee is therefore of the view that the development fee charged by the school did not meet with the specified parameters as laid down by the Hon'ble Supreme Court. However, since the Committee is concerned with the fee charged by the school in pursuance of order dated 11/02/2009, it is restricting its recommendations in respect of the development fee charged by the school in the years 2009-10 and 2010-11. As noted supra, the same amounted to Rs. 13,10,978 and Rs. 18,61,725 respectively. In respect of the development fee charged in the prior or subsequent years, the Director of Education may take an appropriate view in accordance with law.

The Committee is therefore, of the view that the school ought to refund the development fee of Rs. 13,10,978 and Rs. 18,61,725



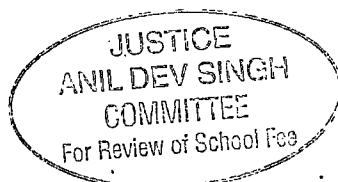
Delhi International School, Dwarka, New Delhi-110077

charged in 2009-10 and 2010-11 respectively along with interest @ 9% per annum from the date of collection to the date of refund.

Summary of recommendations:

In view of the foregoing discussion and determinations, the Committee recommends as follows:

- (a). The entire tuition fee hike and arrears recovered amounting to Rs. 49,26,614, pursuant to order dated 11/02/2009 issued by the Director of Education, ought to be refunded along with interest @ 9% per annum from the date of collection to the date of refund.
- (b) The school ought to refund the development fee of Rs. 13,10,978 and Rs. 18,61,725 charged in 2009-10 and 2010-11 respectively, pursuant to the aforesaid order dated 11/02/2009, along with interest @ 9% per annum from the date of collection to the date of refund.
- (c) The Director of Education ought to take an appropriate view in the matter regarding charging of development fee in the years prior to 2009-10 and subsequent to 2010-11, in accordance with law.
- (d) The Director of Education ought to conduct special inspection in the affairs of the school as the school



Delhi International School, Dwarka, New Delhi-110077 000469

purposely concealed its books of accounts from the
Committee.

Recommended accordingly.

Sd/-

CA J.S. Kochar
Member

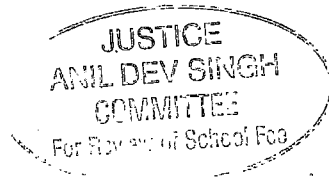
Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Dated: 30/12/2015



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1. 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.

On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.

2. The school responded to the questionnaire issued by the Committee on 27.02.2012. As per the reply:-

(i) The school implemented the recommendations of the Sixth Pay Commission w.e.f. 01.02.2009.

(ii) The school hiked tuition fee in terms of the order of the Director of Education w.e.f. 01.09.2008.

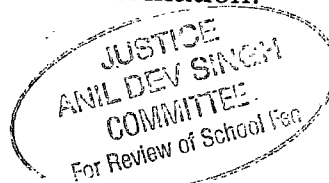
(iii) The school recovered arrears of fee from the students.

3. The school vide letter dated 25.05.2015 was directed to furnish information for considering the justifiability of fee hike effected by the school and also information about development fee charged by the school within 10 days.

The school did not submit the requisite information.

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North Delhi Public School, BP Block, Shalimar Bagh, Delhi-110088

4. In order to give an opportunity of being heard to the school, the Committee issued notice on 23.09.2015 to the school for hearing on 15.10.2015. The notice required the school to furnish the information regarding fee and salaries in a structured format, duly reconciled with the income and expenditure accounts. The notice also required the school to furnish details of accrued liabilities of gratuity/leave encashment, if applicable to the school, statement of account of the parent society as appearing in the books of the school, bank statements highlighting the payments of arrear salary, copy of circular issued to the parents.
5. On 15.10.2015, no one appeared before the Committee for examination of the original records, in spite of the notice of hearing delivered to the Manager of school on 26.09.2015, as confirmed through India Post Tracking System.

DISCUSSION

The Committee has perused the record received through the concerned Dy. Director of Education. The following chart would show the exact extent of hike in tuition fee during the years 2008-09 to 2010-11 :-

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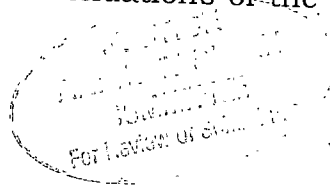
North Delhi Public School, BP Block, Shalimar Bagh, Delhi-110088

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	The extent of Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
Nurs. to II	780	980	200	1070	90
III to IV	840	1040	200	1140	100
V to VIII	900	1100	200	1210	110
IX to X	1150	1450	300	1590	140
XI to XII	1480	1780	300	1950	170

6. From the above, it is manifest that the school had hiked tuition fee in 2009-10, in terms of the order of the Director of Education dated 11.2.2009. During 2010-11, the hike in tuition fee was by 10%.
7. As per record the school has implemented the recommendations of the 6th Pay Commission but the school failed to appear before the Committee to justify its claim of implementation of the 6th.Pay Commission report. It appears that the school wilfully absented itself with a view to prevent the Committee from examining its original records so that true state of affairs do not come to light. This fact gives a lie to the stand of the school that it had implemented the recommendations of the 6th Pay Commission. Therefore, in our view the school has not implemented the recommendations of the Sixth Pay Commission.

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North Delhi Public School, BP Block, Shalimar Bagh, Delhi-110088

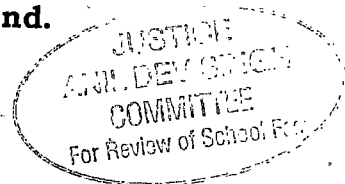
RECOMMENDATION

Re. Fee Hike

Since, from the available record it appears that the school had hiked the tuition fee in 2009-10, in terms of the order of the Director of Education, 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.**

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, for above mentioned classes, ought also to be refunded along with interest @9% per annum from the date of its collection to the date of its refund.

Re; Arrear of Fee



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The school has recovered arrear of fee in the following manner:-

Period	Amount of arrear of fee collected
01.01.2006 to 31.08.2008	Rs. 2,181,000.00
01.09.2008 to 31.03.2009.	Rs. 1,316,700.00

The total amount of Rs. 3,497,700.00 recovered by the school as arrear fee w.e.f. 01.01.2006 to 31.03.2009 ought also to be refunded along with interest @9% per annum from the date of its collection to the date of its refund.

Re: Development Fee

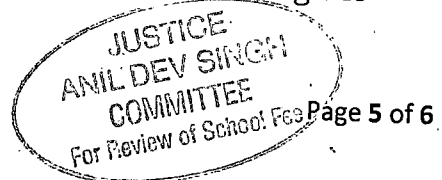
As per record the school has charged development fee from the students in the following manner:-

Year	Development fee collected
2009-10	Rs.2,315,988.00
2010-11	Rs.1,739,203.00

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. In the circumstances, the Committee is of the view that the Development Fee charged by the school to the tune of Rs. 4,055,191.00 during the

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North Delhi Public School, BP Block, Shalimar Bagh, Delhi-110088

years 2009-10 and 2010-11 in the garb of the order of the Director of Education dated 11.02.2009 was not in accordance with law.

This being so, the school ought to refund the aforesaid development fee along with interest @ 9% per annum from the date of its collection to the date of its refund.

Special Inspection

Since the school failed to produce its original record and wilfully prevented examination of the same by the Committee, therefore, the Committee is of the view that Director of Education may order a special inspection of the school as per the rules to ascertain the true state of affairs of the school. **In case on inspection it is found by the Director of Education that the school is liable to return amounts in excess of what has been recommended by the Committee, it will be for the Director of Education to take such action as it deems fit subject to the orders of the Hon'ble Delhi High Court.**

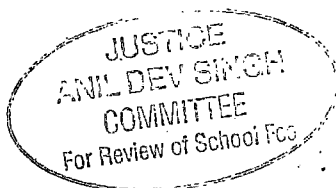
Recommended accordingly.

Sd/-
J.S. Kochar
Member

Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated :- 03.11.2015.



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Secretary

**Maharaja Agarsain Public School, Bawana Road, Narela, Delhi-
110040**

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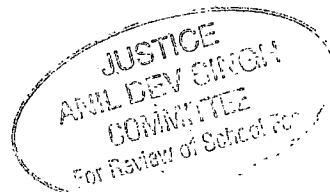
In order to elicit the relevant information from the schools to arrive at a proper conclusion with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school). This was followed by a reminder dated 27/03/2012. However the school did not respond to any of these communications.

The matter was taken up with the concerned Dy. Director of Education and it appears that she directed the school to furnish the required documents to the Education Officer of the zone. Complying with the directions of the Dy. Director, the school submitted copies of the annual returns filed under Rule 180 of Delhi School Education Rules, 1973 for the years 2006-07 to 2010-11, along with certain certificates/statements. One such certificate stated that the school had not increased any kind of fees for implementing the VI Pay Commission report and accordingly no circular had been issued to the parents regarding the fee hike. Another certificate indicated that the school had paid arrears of salary consequent to implementation of VI Pay Commission report amounting to Rs. 25,71,092 for the period 01/01/2006 to 31/08/2008 and Rs. 50,82,699 for the period 01/09/2008 to 31/12/2010. To show hike in salary consequent to implementation of VI Pay Commission report, the school filed salary

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sheet for the year 2006-07 and another sheet for the year 2010-11 indicating the hike in salary in 2010-11 as compared to 2006-07.

At the outset, it would be apposite to reproduce here below the summarized position of fee charged by the school in 2008-09, 2009-10 and 2010-11.

Class	Monthly tuition fee 2008-09 (Rs.)	Monthly tuition fee 2009-10 (Rs.)	Increase in 2009-10		Monthly tuition fee 2010-11 (Rs.)	Increase in 2009-10	
			Amount (Rs.)	%age		Amount (Rs.)	%age
I	530	750	220	41.51%	900	150	20.00%
II	585	850	265	45.30%	1000	150	17.64%
III to V	585	850	265	45.30%	1000	150	17.64%
VI to VIII	730	1000	270	36.99%	1150	150	15.00%
IX - X	880	1170	290	32.95%	1350	180	15.38%
XI - XII (Commerce & Arts)	1005	1400	395	39.30%	1600	200	14.28%
XI - XII (Science)	1005	1700	695	69.15%	1950	250	14.70%

It would be apparent from the above table that the school resorted to unabashed falsehood when it stated that no fee had been increased by the school specially for implementing the VI Pay Commission report. In the year 2009-10, the school not only hiked the fee but such hike was even in excess of the maximum hike permitted to the school by the Director of Education vide order dated 11/02/2009. For classes I to X, as per the aforesaid order dated 11/02/2009, the school could have hiked the fee only by Rs. 200 per month at the most provided it implemented the recommendations of VI Pay Commission. However, the hike effected by the school was in

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JUSTICE
DEV SHARMA

Maharaja Agarsain Public School, Bawana Road, Narela, Delhi-110040

the range of Rs. 220 and 290. Similarly for classes XI & XII, the school could at best have hiked the fee by Rs. 300 per month but the hike effected by it was Rs. 395 for students of arts and commerce and Rs. 695 for students of science. This hike was effected by the school, even when it had not implemented the recommendations of VI Pay Commission in the year 2009-10. Of its own volition, the school claimed to have implemented the recommendations of VI Pay Commission w.e.f. January 2011 (it claims to have paid arrears for the period 01/01/2006 to 31/12/2010).

It would be appropriate at this stage that we reproduce verbatim the certificate given by the school with regard to payment of arrears of salary. It reads as follows:

Ref. No.: MAPS/1405/2012/7849

Date. 14/5/12

Certificate of Arrears Paid to the Staff of 6th Central Pay Commission.

I hereby certify that the arrears of 6th Central Pay Commission paid to the staff of Maharaja Agarsain Public School from the years 2006-07 to 2010-11 as per detail given below:-

Sr.No.	Years	Amount Paid During the year 2010-11
1.	2006-07 to 2008-09 (1-1-2006 to 31-8-2008)	25,71,092/-
2.	2008-09 to 2010-11 (1-9-2008 to 31-12-2010)	50,82,699/-

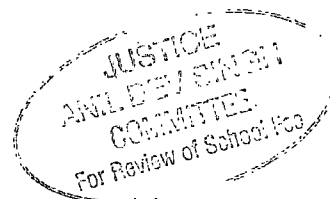
Place: Narela

Chairman/Secretary

Of Managing Committee

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Maharaja Agarsain Public School, Bawana Road, Narela, Delhi-
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In order to verify the information furnished by the school through the Education Officer of the zone, the Committee issued a notice dated 06/09/2013, requiring the school to produce on 04/10/2013 before its audit officer, its fee records, salary records, cash books and ledgers, bank statements, TDS returns and provident fund returns. The Committee also issued a revised questionnaire to the school incorporating therein the relevant queries with regard to receipt and utilisation of development fee and maintenance of earmarked accounts for development fund and depreciation reserve funds, besides the usual questions regarding fee hike and salary hike, consequent to implementation of VI Pay Commission report.

On the scheduled date, a letter was delivered by the school in the office of the Committee requesting for another date as the records were not available with the school on that date. Another notice dated 17/10/2013 was issued to the school, giving it last opportunity to produce the required records on 30/10/2013. On this date also, a request was received from the school for another date as some documents were to be produced in the High Court in connection with the case of a teacher. Another opportunity was given to the school to produce the records on 22/11/2013. However, on this date again, the school requested for another date, this time on account of "non availability of old staff". The school was again accommodated and was requested to produce its records on 12/12/2013. Finally on this date,

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**Maharaja Agarsain Public School, Bawana Road, Narela, Delhi-
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school produced its records. It also furnished reply to the revised questionnaire issued by the Committee. As per the reply given by the school:

- (a) It had implemented the recommendations of VIth Pay Commission w.e.f. December 2010.
- (b) It had to pay arrears of salary amounting to Rs. 11,07,309 for the period 01/01/2006 to 31/08/2008, Rs. 19,61,117 for the period 01/09/2008 to 31/12/2010 and Rs. 12,84,648 for the period 01/01/2011 to 31/12/2011. The total arrears thus payable amounted to Rs. 43,53,074.
- (c) It had not hiked the fee in pursuance of order dated 11/02/2009 issued by the Director of Education w.e.f. 01/09/2008 (No information was given with regard to recovery of arrear fee).
- (d) The school stopped charging development fee after 2008-09.

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

- (a) The pre revised salary was paid upto November 2010 to 36 regular staff members and 9 staff members were engaged on contractual salary.
- (b) The school purportedly implemented the VI Pay Commission w.e.f. 01/12/2010 but out of 36 employees, the benefit of VI

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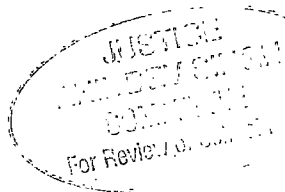
Maharaja Agarsain Public School, Bawana Road, Narela, Delhi-110040

Pay Commission was given only to 9 teaching staff. The remaining 27 regular staff were paid salary as per V th Pay Commission. The contractual staff continued to be paid salary at fixed rates. However, on verification, it was found that the benefit of VI Pay Commission was accorded to only 1 teacher i.e. Ms. Shally Bhutani, PGT and this was also not fully as per the norms of VI Pay Commission, in so far as no grade pay was paid.

- (c) The school had partially paid arrears to 9 staff members, amounting to Rs. 6.00 lacs.
- (d) The salary was paid either by cash or by account payee cheques.
- (e) Though Provident Fund had been deducted from the salaries, no TDS was deducted and therefore, no TDS returns were filed.
- (f) The school did not produce the fee receipts but only produce the fee registers. The fee as recorded in the register appeared to be in agreement with the fee schedules filed by the school.
- (g) From 2009-10 onwards, the school started collecting PTA fee and fee under the head "other charges", which were not being charged hitherto.

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Maharaja Agarsain Public School, Bawana Road, Narela, Delhi-
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The accountant of the school Sh. Mayank Mathur, and Sh. Dharam Pal, part time accountant, who accompanied Sh. Mathur and produced the records of the school, endorsed at the bottom of the sheet recording the audit observations as follows:

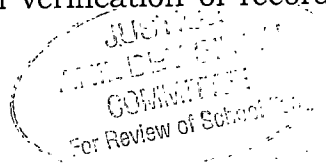
"I agree with the above observations which are as per the school record".

In order to provide an opportunity of being heard, the Committee issued a notice dated 26/06/2014, fixing the hearing on 25/07/2014. On the date of hearing, Sh. Mayank Mathur and Sh. Dharam Pal, Accountants and authorized representatives of the school appeared with Sh. Pale Ram, Consultant and Sh. Ankit, Accountant. They were heard by the Committee. Further hearings were held on 22/08/2014, 11/09/2014 and finally on 23/09/2014 as the school, on one pretext or the other sought more time.

During the course of hearings, the school again changed its stand with regard to implementation of VI Pay Commission report. The representatives now contended that the recommendations of VI Pay Commission had been implemented w.e.f. 01/01/2012 and arrears for the period 01/01/2006 to 31/12/2011 were payable, out of which some amounts have been paid in 2010-11. This is a contradiction to its earlier stand as taken in the reply to the questionnaire and again at the time of verification of records by the

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Maharaja Agarsain Public School, Bawana Road, Narela, Delhi-
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audit officer that the school had implemented the recommendations of VI Pay Commission w.e.f. 01/12/2010. The change in stance appears to have been actuated by the remarks of the audit officer, who recorded that in actual fact, the school had implemented the recommendations of VI Pay Commission w.e.f. 01/12/2010 only in respect of one teacher, as against 9 claimed by the school. Before the Committee, the school also changed its stance with regard to the number of teachers employed on regular basis. It now claimed that only 9 teachers were employed on regular basis, the remaining 30 staff members were employed on contractual basis at fixed salaries. This is in sharp contrast to the stance of the school during the course of verification by the audit officer that there were 36 regular staff members and 9 contractual staff members. This position, as noticed supra, was accepted by the representatives of the school at the time of verification. Further, the Committee noticed that the amounts, allegedly paid as arrears of VI Pay Commission had been shown as advances to staff in the balance sheet of the school as on 31/03/2011. The Committee also observed that the school had lent a sum of Rs. 22,40,000 to a business entity by the name of M/s. Radhey Shyam Ajay Kumar.

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Maharaja Agarsain Public School, Bawana Road, Narela, Delhi-000475
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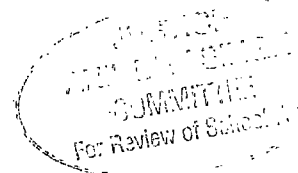
Discussion & Recommendations:

The consistent shift in the stand of the school at various stages of verification of records and hearing by the Committee, leaves no doubt in the mind of the Committee that the school failed to implement the recommendations of VI Pay Commission. It first submitted a certificate that it had **paid** arrears amounting to Rs. 76,53,791 (25,71,092 + 50,82,699) upto December 2010. When the Committee sought to verify the records, the school started playing truant. It then filed its reply to the questionnaire stating that it **had to pay** arrears amounting to Rs. 43,53,074 upto December 2011. When the audit officer verified the records and came to the conclusion that it had implemented the recommendations of VI Pay Commission and that too partially only in respect of one teacher, the representative of the school agreed with the observation. Then during the course of hearing, the school shifted its stand with regard to the number of staff members under regular employment vis a vis those under contractual employment.

As regards the hike in fee, the school, despite the position that clearly emerged from the fee schedules, remained in denial mode that it had hiked the fee. As noticed by the Committee at the outset, the fee hike effected by the school in 2009-10 was more than even the maximum hike permitted by the Director of Education vide order

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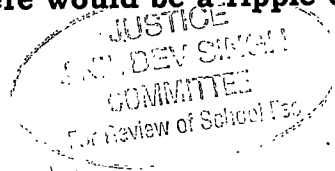
**Maharaja Agarsain Public School, Bawana Road, Narela, Delhi-
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dated 11/02/2009. Further such hike was to be effected only if the school implemented the recommendations of VI Pay Commission. As per the own stand of the school, it implemented the recommendations of VI Pay Commission w.e.f. 01/01/2012. The Committee is of the view that even this position taken by the school is not correct. At any rate, there was absolutely no justification for hiking the fee abnormally in the year 2009-10 when the school did not implement the recommendations of VI Pay Commission. At best, it could have hiked the fee in 2009-10, by 10% over the fee charged by it in the year 2008-09. The school did not produce its fee receipts for verification either by the audit officer or by the Committee itself. Only the fee registers were produced. The possibility of the school maintaining separate registers for recording the arrear fee charged by the school and keeping the same out of its books of accounts, cannot be ruled out in view of the conduct of the school. This view is fortified by the fact that the school stated that it had not issued any circular to the parents with regard to fee hike, which is rather unusual.

In view of the foregoing discussion, the Committee is of the view that the fee hiked by the school in 2009-10 was not justified at all, in so far as the hike exceeded 10% of the fee charged in 2008-09. The same ought to be refunded along with interest @ 9% per annum. Further, since such hike in fee is also a part of the fee for the subsequent years, there would be a ripple effect of

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Maharaja Agarsain Public School, Bawana Road, Narela, Delhi-
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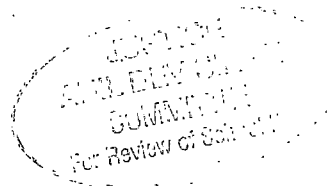
the fee for 2009-10 being found to be unjustified in the fee of the subsequent years. The Committee is therefore of the view that the fee for the subsequent years also, to the extent it is relatable to the hike in fee in 2009-10, ought also to be refunded along with interest @ 9% per annum.

The Committee is unable to verify whether the school charged any arrear fee for the period 01/01/2006 to 31/03/2009 on account of the school not producing its fee receipts before it. The Director of Education ought to conduct special inspection for verifying whether the school charged any arrear fee for the above period. In case, it is found to have charged, the same ought to be ordered to be refunded along with interest @ 9% per annum.

Although the school stated that it had stopped charging development fee after 2008-09, the Committee finds that from 2009-10 onwards, the school introduced a new head of fee as "other charges". The Committee is of the view that the school merely changed the head of development fee as "other charges", in order to obviate compliance of the strict pre conditions mandated for charging development fee. At any rate, since the hike in tuition fee itself was much more than 10% in 2009-10 and 2010-11, there was no justification to introduce any other fee, much less, under the head "other charges". The school ought to refund the fee charged

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Maharaja Agarsain Public School, Bawana Road, Narela, Delhi-
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under the head "other charges" in 2009-10, 2010-11 and subsequent years along with interest @ 9% per annum.

The interest on all the refunds as recommended supra, ought to be given from the date of collection of fee to the date of its

refund.

Sd/-
CA J.S. Kochar
Member

Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated: 11/09/2015

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Secretary

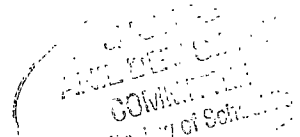


Abhinav Public School, CU Block, Pitampura, Delhi-110088

In a meeting held by the Committee with the Dy. Directors of various Districts of Directorate of Education, the Committee desired that the District Heads should forward to the Committee, the annual returns under Rule 180 of Delhi School Education Rules, 1973, which were filed by the schools under their charge, for the years 2006-07 to 2010-11. It was also requested that they should exhort upon the schools to furnish the information regarding the fee hike and salary hike pursuant to the implementation of the recommendations of the VI Pay Commission. It appears that the concerned Zonal Head, through the Education Officer of Zone-XI required the school to furnish the required information for onward submission to the Committee. The school in compliance to the instructions of the Zonal Officer, furnished the required information under cover of its letter dated 30/03/2012, to the Zonal Officer, which in turn was forwarded to the Committee. Besides, the annual returns filed by the school, the school also furnished copies of its salary register for the months of March 2009 and April 2009 in evidence of having implemented the recommendations of VI Pay Commission. Further, the school stated that the information regarding extent of fee hike (including arrears) *"is not applicable in our case because the extra fees was not charged from the students/parents for paying arrears. No circular was issued to the students demanding the increased fees (including the arrears)"*. The school gave an impression that it had not hiked any fee pursuant to order dated 11/02/2009. However, on examination of fee schedules filed by the school, it was apparent that the school had hiked the fee for the year 2009-10 and that too to the maximum extent

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Abhinav Public School, CU Block, Pitampura, Delhi-110088

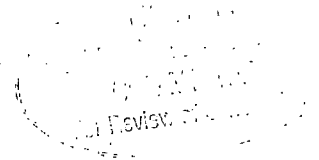
permitted to it by order dated 11/02/2009. As per the fee schedule for the year 2009-10, filed by the school, the school itself had shown the extent of hike as follows:

Class	Existing Fee (2008-09) (Rs.)	Proposed Fee (2009-10) (Rs.)	Amount increased (Rs.)
Pre school & pre primary class	1300	1600	300
I to V	1370	1670	300
VI to VIII	1520	1920	400
IX & X	1600	2000	400
XI & XII (Commerce)	1740	2140	400
XI & XII (Science)	2110	2610	500

As the Committee found that the schools were not following any uniform pattern of furnishing information to the Committee, it formulated a questionnaire, seeking specific information with regard to the fee hike pursuant to order dated 11/02/2009, salary hike on account of implementation of recommendations of VI Pay Commission, recovery of arrear fee for the purpose of payment of arrear salary, and their extent. This questionnaire was issued to all the schools (including this school) on 27/02/2012. As no reply was received, a reminder was issued on 27/03/2012. However, this also remained unresponded.

Based on prima facie examination of the returns filed by the school along with other information furnished by it, it appeared that the school had hiked the fee in pursuance of order dated 11/02/2009 issued by the Director of Education and at the same time had also implemented the

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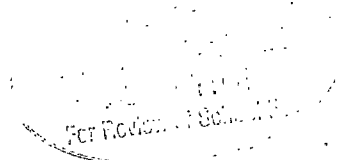
Abhinav Public School, CU Block, Pitampura, Delhi-110088

recommendations of the VI Pay Commission. Accordingly, the school was placed in category 'B' for the purpose of verification.

Preliminary calculations were prepared by the Chartered Accountants detailed with the Committee. However, the Committee felt that before undertaking the exercise to examine the justifiability of fee hike effected by the school and making calculations for that purpose, the factum of implementation of recommendations of VI Pay Commission needed to be examined as no conclusions could be drawn merely by examining the salary sheets for the months of March and April 2009, particularly when the school had not submitted a reply to the questionnaire issued by the Committee, despite a reminder. With this end in view, the Committee issued a notice dated 26/05/2015, seeking further information from the school in a structured format and required the school to furnish the aggregate figures of arrear fee for different periods, regular tuition fee for 2008-09, 2009-10 and 2010-11, arrear salary and regular salary for these years, duly reconciled with the audited Income & Expenditure Account. The school was also required to furnish bank statements highlighting payment of salaries, the statement of account of the trust/ society running the school as appearing in its books, details of accrued liabilities, gratuity and leave encashment. The school was also issued a revised questionnaire for specific replies. This questionnaire also included the relevant questions to examine the justifiability of charging of development fee in light of the pre conditions laid down by the Duggal Committee, which were affirmed by the Hon'ble

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Abhinav Public School, CU Block, Pitampura, Delhi-110088

Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583. In response, the school requested that they be allowed to furnish the required information in the first week of July 2015 in view of the summer vacation. However, the school did not submit the required information even in July 2015.

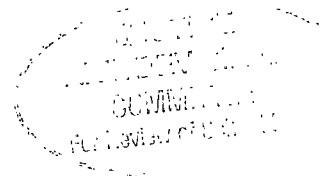
The Committee issued a notice of hearing dated 20/08/2015, once again requiring the school to furnish the information as per the structured format contained in notice dated 26/05/2015 and also to submit reply to the revised questionnaire issued by the Committee. The hearing was fixed for 14/09/2015. On this date, Sh. Pardeep Gupta, authorized representative of the school appeared but did not furnish the required information. He sought further time *"for arranging the information and records for the period 2006-07 to 2010-11 due to searching of the files and records in all the offices"*. One last opportunity was given to the school to comply with the notices dated 26/05/2015 and 20/08/2015, issued by the Committee and the matter was directed to be relisted on 08/10/2015. On this date, Sh. Amar Aggarwal, Manager of the school appeared with Sh. Sangam Kumar Aggarwal, Consultant and Sh. Pradeep Gupta. They furnished the information which was sought by the Committee, and also furnished reply to the revised questionnaire issued by the Committee. They contended that

- (a) The school implemented the recommendations of VI Pay Commission, only prospectively w.e.f. 01/04/2009. They also

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contended that the school pays salary through direct bank transfers.

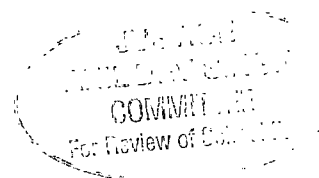
- (b) The school neither recovered any arrear fee nor paid any arrear salary on implementation of recommendations of VI Pay Commission.
- (c) No circular regarding increase in fee w.e.f. 01/04/2009, was issued to the parents and they were advised about the fee hike only through demand notes which were sent to them.
- (d) The school charged development fee but the same was treated as a revenue receipt. The total collection on account of development fee was Rs. 8,84,520 in 2009-10 and Rs. 7,78,970 in 2010-11.
- (e) No earmarked accounts were maintained to park the unutilised development fee and depreciation reserve on assets acquired out of development fee.

No details of accrued liability on account of gratuity or leave encashment were furnished by the school, presumably for the reason that no such liabilities existed.

During the course of hearing, the Committee examined the books of accounts of the school along with its bank statements and observed that the total monthly salary paid by the school in the year 2009-10, i.e. after purported implementation of VI Pay Commission, kept fluctuating from month to month. On examining the salary register for different months, the Committee observed that every month, some of the teachers

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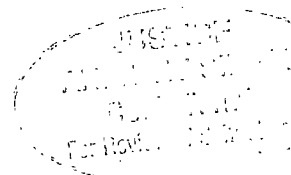
Abhinav Public School, CU Block, Pitampura, Delhi-110088

were shown as on leave without pay and were consequently not paid any salary. In fact in some of the months, the proportion of the teachers shown on leave without pay was so high that it would be impossible to run teaching classes in the school with such skeletal staff. The Committee directed its audit officer to examine the exact number of teachers who were shown on leave without pay every month vis a vis the total strength of teaching staff. The representatives of the school, prepared the following statement which was counterchecked by the audit officer of the Committee.

Month	Total no. of teachers on rolls	No. of teachers shown on leave without pay
April 09	26	3
May 09	26	9
June 09	26	11
July 09	28	5
August 09	22	5
September 09	21	3
October 09	21	4
November 09	21	5
December 09	22	9
January 10	21	5
February 10	21	5
March 10	21	6

From the enrolment statement of the students filed by the school as part of the annual returns, the Committee observes that the total enrolment of the school was 387 as on 30/04/2008, 482 as on 30/04/2009 and 646 as on 30/04/2010. While the enrolment of students was progressively rising every year, the number of teachers, which was 26 in April 2009, declined to 21-22 in August 2009. On top of

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Abhinav Public School, CU Block, Pitampura, Delhi-110088

that, a large number of teachers, even out of the decreased strength, were shown as on leave.

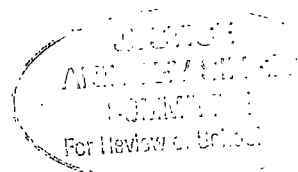
This pattern has been observed by the Committee in a number of schools. To show implementation of the recommendations of VI Pay Commission, the schools usually show a decline in the number of teachers on rolls and further a number of teachers are shown as on leave without pay. The teachers who are apparently paid salary are paid at the scales as per the recommendation of VI Pay Commission. In actual fact, the number of teachers employed by many schools is more. A portion of the salary which is shown as paid to a few teachers is taken back in cash and the same is disbursed to the teachers who are either shown as on leave without pay or are taken off from the rolls. The Committee feels that this school has also followed similar pattern and has not actually implemented the recommendations of VI Pay Commission. There can be no explanation for the reduction in effective teaching staff strength when the number of students had increased. Even the representatives of the school offered a very feeble explanation and stated that they could not refuse leave to the teachers if they demanded.

In view of the above findings, the Committee is of the view that the school was not justified in hiking the fee of the students, to the maximum extent as permitted by order dated 11/02/2009 issued by the Director of Education, as that order was premised on the condition that the schools would implement the recommendations of VI Pay Commission. The school could at best hike the fee by 10% over the fee

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charged for the year 2008-09. The school ought to refund the tuition fee hiked by it w.e.f. 01/04/2009, over and above the 10% hike calculated in the above manner. The refund ought to be made along with interest @ 9% per annum from the date of collection to the date of refund. The Committee would like the Director of Education to conduct special inspection in the affairs of the school and depending upon its findings, it may order the refund of hike in fee for the years subsequent to 2009-10, to the extent such hike is relatable to the amount which the school is required to refund for the year 2009-10.

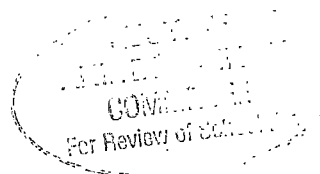
Development Fee:

The school admittedly recovered a sum of Rs. 8,84,520 as development fee in the year 2009-10 and Rs. 7,78,970 in 2010-11. Thus the total development fee recovered in pursuance of order dated 11/02/2009 issued by the Director of Education upto 31/03/2011 was **Rs. 16,63,490**. Admittedly, the school was treating the development fee as a revenue receipt and not maintaining any earmarked accounts for development fund and depreciation reserve fund. Thus the school was not complying with any of the pre conditions laid down by the Duggal Committee and affirmed by the Hon'ble Supreme Court in the case of Modern School vs. Union of India (supra).

The Committee is therefore of the view that the school was not justified in charging any development fee. The same charged in 2009-10 and 2010-11, ought to be refunded along with interest @ 9% per annum.

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Abhinav Public School, CU Block, Pitampura, Delhi-110088

Recommendations:

In view of the foregoing discussion the Committee recommends as follows:

- (a) The school ought to refund the tuition fee hiked in 2009-10 to the extent such hike exceeds 10% of the tuition fee charged in 2008-09, along with interest @ 9% per annum.
- (b) The school ought to refund the development fee of Rs. 16,63,490 charged for the years 2009-10 and 2010-11, along with interest @ 9% per annum.
- (c) The Director of Education ought to conduct special inspection and depending upon its findings, may order refund of tuition fee for the years subsequent to 2009-10 in so far as it relates to the fee for 2009-10 of which the Committee has recommended a refund.

The interest on all refunds has to be calculated from the date of collection to the date of refund.

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

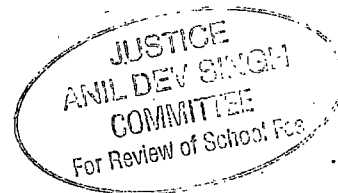
Sd/-

Dr. R.K. Sharma
Member

Dated: 15/10/2015

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Yuva Shakti Model School, Sector-3, Rohini, Delhi-85

1. The school responded to the questionnaire issued by the Committee. As per the reply:-

(i) The school implemented the recommendations of the Sixth Pay Commission w.e.f. 01.08.2010.

(ii) The school hiked tuition fee in terms of the order of the Director of Education dated 11.02.2009 w.e.f. 01.04.2009.

(iii) The school has collected arrears of fee from the students and has also paid arrears of salary to the staff.

(iv) The school has collected development fee from the students.

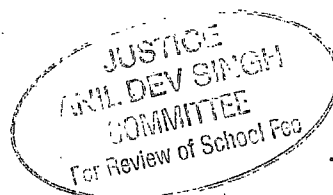
2. The returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973 were received by the Committee on being requisitioned from the concerned Deputy Director of Education.

On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.

3. 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

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Yuva Shakti Model School, Sector-3, Rohini, Delhi-85

and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11.

4. On 25.07.2012 Sh. Rameshwar Singh, Accountant of the school attended the Office of the Committee but did not produce complete record. The school was provided another opportunity on 05.10.2012 to produce its complete record for the scrutiny by the Audit Officer of the Committee.

On 05.10.2012 Sh. Rameshwar Singh, Accountant of the school attended office of the Committee and produced the record.

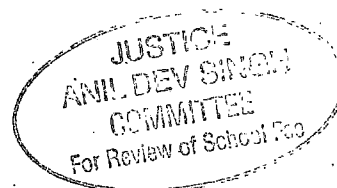
5. The record, in the first instance, was examined by Sh. N.S. Batra, Audit Officer of the Committee. He observed to the effect that:-

- (i) The school hiked the fee in 2009-10 in terms of the order of the Director of Education dated 11.02.2009. During 2010-11 the hike in tuition fee was by 10%.
- (ii) The school claimed to have implemented the recommendations of the Sixth Pay Commission w.e.f. April 2009.

6. In order to furnish an opportunity to the school to have its say, the Committee vide its notice dated 23.09.2015 invited it to participate in hearing dated 16.10.2015. The notice required the school to furnish the information regarding fee and salaries in a structured format, duly

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Yuva Shakti Model School, Sector-3, Rohini, Delhi-85

reconciled with the income and expenditure accounts. The notice also required the school to furnish details of accrued liabilities of gratuity/leave encashment, if applicable to the school, statement of account of the parent society as appearing in the books of the school, bank statements highlighting the payments of arrear salary, copy of circular issued to the parents.

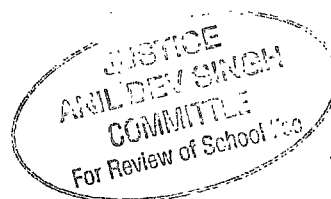
7. On 16.10.2015, Sh. Rameshwar Singh, Accountant and Sh. Trilok Chand, Office Assistant of the school appeared before the Committee. The school failed to produce books of accounts as required vide Committee's notice dated 23.09.2015 for examination by the Committee. It was conceded that the salary and arrears of salary have been paid in cash.

DISCUSSION

The Committee has perused the record and considered the submissions of the school representatives and observations of the Audit Officer. The following chart would show the exact extent of hike in tuition fee during the years 2008-09 to 2010-11 :-

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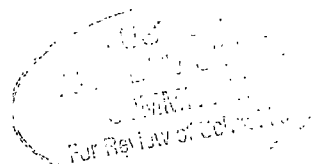
Yuva Shakti Model School, Sector-3, Rohini, Delhi-85

Class	Tuition Fee during 2008-09	Tuition Fee during 2009-10	The extent of Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
Pre-primary	770	970	200	1065	95
I to V	965	1165	200	1280	115
VI to VIII	1045	1345	300	1475	130
IX to X	1100	1400	300	1540	140
XI to XII	1145	1445	300	1595	150

10. From the above, it is manifest that the school had increased the tuition fee during the year 2009-10 in terms of the order of the Director of Education dated 11.2.2009. During 2010-11, the hike in tuition fee was by 10%.

11. According to school it has implemented the recommendations of the 6th Pay Commission. It is alleged by the school that the salary and arrears of salary was substantially paid in cash. We find the many schools have taken this plea that they had implemented the recommendations of the 6th Pay Commission by paying the salary/arrears of salary to the teachers in cash/bearer cheques. Such a plea gives a lie to the stand of the school that it had implemented the recommendations of the 6th Pay Commission as there is no plausible and convincing reason, why the payment was not made by bank transfer or

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Yuva Shakti Model School, Sector-3, Rohini, Delhi-85

by account payee cheques. Therefore, in our view the school has not implemented the recommendations of the Sixth Pay Commission.

RECOMMENDATION

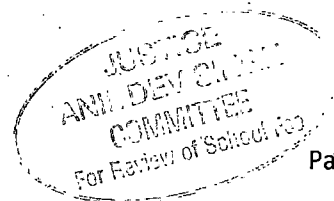
Re. Fee Hike

Since the school has hiked the tuition fee in 2009-10, in terms of the order of the Director of Education, 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.

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, for above mentioned classes, ought also to be refunded along with interest @9% per annum from the date of its collection to the date of its refund.

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Yuva Shakti Model School, Sector-3, Rohini, Delhi-85Re- Arrear of Fee

The school has also collected arrears of tuition fee to the tune of Rs. 2,533,481.00 w.e.f. 01.09.2008 to 31.03.2009. The same has also been paid in cash. Therefore, the amount of the entire arrear of tuition fee ought to be refunded alongwith an interest of 9% per annum.

Re: Development Fee

As per record the school has collected development fee in the following manners :-

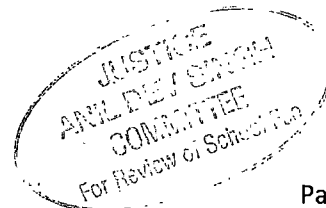
Year	Development Fee Collected
2009-10	Rs. 2,317,296.00
2010-11	Rs. 2,660,195.00

The development fee has been treated as revenue receipt and no earmarked development fund or depreciation reserve fund accounts were maintained by the school.

In the circumstances, 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 &

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Yuva Shakti Model School, Sector-3, Rohini, Delhi-85

Ors. Therefore, the Development Fee charged by the school to the tune of Rs. 4,977,491.00 during the years 2009-10 and 2010-11 in the garb of the order of the Director of Education dated 11.02.2009 was not in accordance with law. This being so, the school ought to refund the aforesaid development fee along with interest @ 9% per annum from the date of its collection to the date of its refund.

Special Inspection

Since the school failed to produce its original record and wilfully avoided examination of the same before the Committee, therefore, the Committee is of the view that Director of Education may order a special inspection of the school as per the rules to ascertain the true state of affairs of the school.

In case on inspection it is found by the Director of Education that the school is liable to return amounts in excess of what has been recommended by the Committee, it will be for the Director of Education to take such action as it deems fit subject to the orders of the Hon'ble Delhi High Court.

Recommended accordingly.

Sd/-
J.S. Kochar
Member

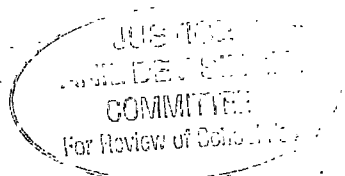
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated :- 04.11.2015

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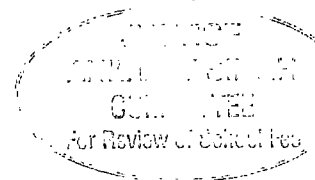
Brilliants' Convent Sr. Sec. School, Pitampura, Delhi-110034

In order to elicit the relevant information from the schools to arrive at proper conclusions with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school).

In response to the aforesaid questionnaire, the school, vide its letter dated 30/03/2012, stated as follows:

- (a) It had implemented the recommendations of Vith Pay Commission w.e.f. 01/04/2009.
- (b) It had paid the arrears of salary for the period 01/09/2008 to 31/03/2009.
- (c) It had hiked the fee in pursuance of order dated 11/02/2009 issued by the Director of Education w.e.f. 01/09/2008 (Actual fee was increased w.e.f. 01/04/2009 while arrears of enhanced fee were recovered for the period Sept 2008 to March 2009).

Along with the reply, the school filed details of salary for the month of March 2009, showing total outgo on this account to be Rs. 2,76,977 and that for the month of April 2009 showing the increased outgo on salary to be Rs. 5,09,162. Copies of two arrear payment sheets for the period 01/09/2008 to 31/03/2009, showing arrear payments of salary amounting to Rs. 9,40,113 was also enclosed. A copy of the circular issued to the parents requiring them to pay the arrear fee @ Rs. 300 per month for seven months was also enclosed. A copy of the minutes of the meeting of the Managing Committee held on 18/02/2009, recording the

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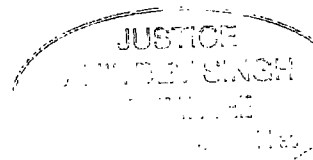
Brilliants' Convent Sr. Sec. School, Pitampura, Delhi-110034

decision of the Managing Committee not to charge lump sum arrears of Rs. 3000 for the period January 2006 to August 2008, was also enclosed. Based on this reply, the school was placed in category 'B' for verification.

Copies of the Annual returns filed by the school under rule 180 of Delhi School Education Rules 1973, were received from the office of the concerned Dy. Director of Education.

The relevant calculations to examine the justifiability of fee hike were, in the first instance, prepared by the Chartered Accountants detailed with the Committee (CAs). As per these calculations, the school generated a surplus of Rs. 15,68,792, after taking into account the funds available with the school at the threshold, the additional revenue generated by the school by way of fee hike and recovery of arrears and the financial impact of the implementation of VI Pay Commission report. However, these calculations did not factor in the requirement of the school to keep funds in reserve for future contingencies or for meeting the accrued liabilities of gratuity and leave encashment, if any. As per the information furnished by the school, the post implementation monthly salary bill of the school amounted to Rs. 5,09,162 and in view of the view taken by the Committee that the schools ought to retain funds equivalent to four months salary for future contingencies, the requirement of the school to keep funds in reserve for this purpose alone, was in excess of Rs. 20.00 lacs. Therefore, if the calculations made by the CAs were correct, the school could not be deemed to have generated any surplus by hiking the fee as per order dated 11/02/2009.

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Brilliants' Convent Sr. Sec. School, Pitampura, Delhi-110034

The Committee issued a notice dated 27/04/2015 fixing the hearing of the school on 08/05/2015 and also required the school to furnish the aggregate figures of arrear fee for different periods, regular tuition fee for 2008-09, 2009-10 and 2010-11, arrear salary and regular salary for these years, duly reconciled with the audited Income & Expenditure Account. The school was also required to furnish bank statements highlighting payment of salaries, the statement of account of the trust/ society running the school as appearing in its books, details of accrued liabilities, gratuity and leave encashment and to produce its entire accounting, fee and salary records for the years 2008-09 to 2010-11 for examination by the Committee. A questionnaire regarding the development fee charged by the school as well as the maintenance of earmarked accounts for development fund and depreciation reserve fund was also issued.

On the date of hearing, Ms. Payal Goel, Chartered Accountant, appeared on behalf of the school. She filed an application for inspection of file and also request letter seeking adjournment on the ground that the previous authorized representative, who was looking after the case, passed away in January 2015. The inspection was allowed to her and the matter was directed to be relisted on 25/05/2015 for hearing. However, the authorized representative of the school was directed to produce the books of accounts of the school along with fee and salary records for 2008-09 and 2009-10 on 14/05/2015, before the audit officer of the Committee for verification. On this date, Ms. Goyal, appeared and again requested for grant of another date as she needed more time to

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JUSTICE
ANIL K. SINGH
CHIEF JUSTICE
For Rev. School Sec.

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Brilliants' Convent Sr. Sec. School, Pitampura, Delhi-110034

retrieve the own records. She was directed to produce the records for verification on 25/05/2015, the date already fixed for hearing. On the aforesaid date of hearing, Ms. Goyal appeared along with Sh. Ashok Sharma, Accounts Officer of the school and informed that the books of accounts for 2008-09, 2009-10 and 2010-11 were not available with the school at that point of time as they were lying with one Sh. P.C. Gupta, who was engaged for maintenance of accounts of the school but had since expired. Although they furnished the information with regard to the payment of salary, showing deduction of TDS, in the absence of books of accounts of the school, no verification regarding the justifiability of fee hike effected by the school could be possible.

In the aforesaid circumstances, the Committee is unable to form any view regarding the justifiability of fee hike effected by the school and is also unable to say whether the school is trying conceal its books of accounts from the Committee or the books are in fact not available with the school.

Recommendations:

In view of the facts as enumerated above, the Committee is of the view that the Director of Education ought to carry out a spot inspection of the school and verify the facts for himself.

Sd/-
CA J.S. Kochar
Member

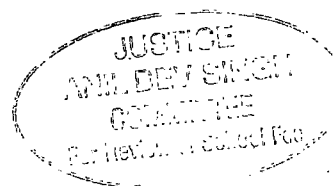
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated: 09/09/2015

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Secretary



Army Public School, Delhi Cantt., Delhi-110010

1. 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.

On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.

2. The school responded to the questionnaire issued by the Committee. As per the reply:-

(i) The school had implemented the recommendations of the Sixth Pay Commission w.e.f. 01.01.2006.

(ii) The school had hiked tuition fee in terms of the order of the Director of Education dated 11.02.2009.

(iii) The school had recovered arrears of fee from the students.

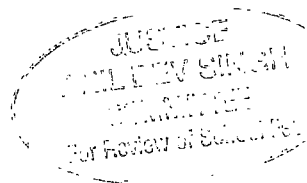
(iv) The school had collected development fee from the students.

3. The school vide letter dated 26.05.2015 was directed to furnish information for considering the justifiability of fee hike effected by the school within 10 days.

The school did not submit the requisite information.

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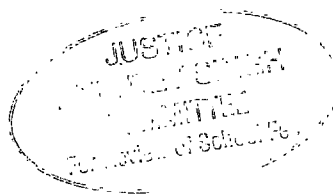
Army Public School, Delhi Cantt., Delhi-110010

4. In order to give an opportunity of being heard to the school, the Committee issued notice on 20.08.2015 to the school for hearing on 11.09.2015. The notice required the school to furnish the information regarding fee and salaries in a structured format, duly reconciled with the income and expenditure accounts. The notice also required the school to furnish details of accrued liabilities of gratuity/leave encashment, if applicable to the school, statement of account of the parent society as appearing in the books of the school, bank statements highlighting the payments of arrear salary, copy of circular issued to the parents.
5. On 11.09.2015, no one appeared before the Committee for examination of the original records, in spite of the notice of hearing delivered to the school on 22.08.2015, as confirmed through India Post Tracking System.

The school vide letter dated 29.09.2015 was provided another opportunity to produce its record on 19.10.2015.

6. On 19.10.2015, Sh. Bir Singh, LDC of the school appeared before the Committee but did not produce any record.

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Army Public School, Delhi Cantt., Delhi-110010

DISCUSSION

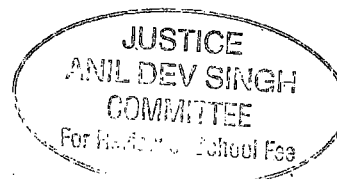
The Committee has perused the record received through the concerned Dy. Director of Education as part of Returns filed by the school under Rule 180 of DSER-1973.

As per record :-

- (i) The school was charging tuition fee at different rates from parents belonging to category of Officers, JCO's, OR, and Civilians.
- (ii) The school hiked tuition fee at different rates and in excess of the permissible limit prescribed by the order of the Director of Education dated 11.02.2009.
- (iii) The school has also recovered arrear of fee from the students.
- (iv) The school has collected development fee from the students.

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Army Public School, Delhi Cantt., Delhi-110010

(v) The school has claimed to have implemented the recommendations of the 6th. Pay Commission.

The school failed to produce its original record for examination by the Committee, therefore its claim to have implemented the recommendations of the 6th. Pay Commission could not be verified.

RECOMMENDATION**Re. Fee Hike**

Since the school failed to produce its original record for examination, therefore, the Committee is of the view that Director of Education may order a special inspection of the school as per the rules to ascertain the true state of affairs related to hike in tuition fee by the school.

Recommended accordingly.

Sd/-
J.S. Kochar
Member

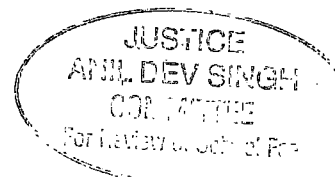
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated :- 03.11.2015

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Secretary



Prince Public School, Rohini, Delhi-110085

In order to elicit the relevant information from the schools to arrive at proper conclusions with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school).

In response to the aforesaid questionnaire, the school, vide its letter dated 28/02/2012, stated as follows:

- (a) It had implemented the recommendations of Vith Pay Commission w.e.f. 01/04/2009.
- (b) It had paid the arrears of salary for the period 01/01/2006 to 31/03/2009.
- (c) It had hiked the fee in pursuance of order dated 11/02/2009 issued by the Director of Education w.e.f. 01/04/2009.
- (d) It had recovered the arrears of fee amounting to Rs. 5,35,000 as per order dated 11/02/2009.

Along with the reply, the school filed a copy of the pay bill for the month of March 2009 showing total outgo on salary to be Rs. 4,74,371 and that for the month of April 2009 showing the increased outgo on salary to be Rs. 6,46,173. A copy of the arrear payment sheet, showing arrear payments of salary amounting to Rs. 5,18,000 was also enclosed. Another annexure was enclosed showing the pre implementation fee as well as post implementation fee and as per this annexure, the monthly fee of the students of classes I to X was increased by Rs. 300 while that

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Prince Public School, Rohini, Delhi-110085

for classes XI & XII was increased by Rs. 400. Based on this reply, the school was placed in category 'B' for verification.

Copies of the Annual returns filed by the school under rule 180 of Delhi School Education Rules 1973, were received from the office of the concerned Dy. Director of Education.

The relevant calculations to examine the justifiability of fee hike were, in the first instance, prepared by the Chartered Accountants detailed with the Committee (CAs). As per these calculations, the school was in deficit to the tune of Rs. 5,49,406, after taking into account the funds available with the school at the threshold, the additional revenue generated by the school by way of fee hike and recovery of arrears and the financial impact of the implementation of VI Pay Commission report.

On prima facie examination of the preliminary calculations prepared by the CAs, the Committee observed that the CAs had calculated the financial impact of implementation of VI Pay Commission report by extrapolating the difference in monthly salary that was paid immediately before implementation of VI Pay Commission report and the month salary that was paid immediately after such implementation. Likewise, the additional fee revenue on account of fee hike and recovery of arrear fee was calculated by factoring in the total number of students and the monthly fee hike. No attempt was made to reconcile the figures with the audited financials of the school.

In order to verify the information furnished by the school in reply to the questionnaire issued by the Committee as well as the information

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Prince Public School, Rohini, Delhi-110085

contained in the annual returns filed by the school, the Committee issued a notice dated 10/01/2014, requiring the school to produce on 04/02/2014, its fee receipts, fee registers, cash book and ledgers, bank statements, salary register, provident fund and TDS returns. A questionnaire seeking relevant information regarding charging and utilisation of development fee as well as maintenance of earmarked development fund and depreciation reserve fund was also issued. The date fixed for verification of records was postponed to 18/02/2014 on account of certain exigencies.

On the aforesaid date, Ms. Saroj, a UDC of the school appeared along with Sh. Ramesh Kumar, part time Accountant for verification of records. They also filed a reply to the questionnaire contended that the school had not collected any development fee in any year.

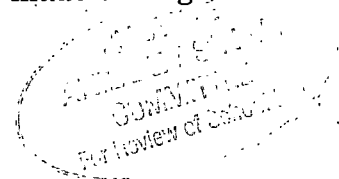
The records produced by the school were verified by Sh. A. D. Bhateja, audit officer of the Committee and he observed as follows:

- (a) The school implemented the recommendations of the VI Pay Commission except that the dearness allowance was paid at a rate which was slightly less than what was payable.
- (b) The salary was paid through bank transfer.
- (c) The school deducted TDS and PF wherever applicable and filed the returns with the appropriate authorities.
- (d) The school paid arrear of salary to the staff amounting to Rs. 5,18,000 in December 2009, which was 20% of the total amount due as arrears. The payment was made through bank

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Prince Public School, Rohini, Delhi-110085

transfer. A further payment of Rs. 4,10,000 was made during the year 2013-14.

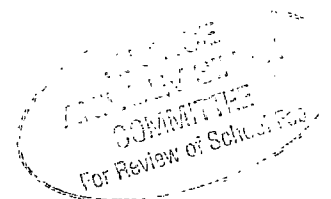
- (e) The tuition fee charged by the school was in accord with the fee structures and the same was hiked by Rs. 300 per month for classes I to X and by Rs. 400 per month for classes XI & XII.
- (f) The total collection on account of arrear fee amounted to Rs. 5,35,000.
- (g) No discrepancy was observed in the maintenance of books of accounts.

The Committee issued a notice dated 01/04/2015 fixing the hearing of the school on 09/04/2015 and also required the school to furnish the aggregate figures of arrear fee for different periods, regular tuition fee for 2008-09, 2009-10 and 2010-11, arrear salary and regular salary for these years, duly reconciled with the audited Income & Expenditure Account. The school was also required to furnish bank statements highlighting payment of salaries, the statement of account of the trust/ society running the school as appearing in its books, details of accrued liabilities, gratuity and leave encashment.

On this date, Sh. Prince, Coordinator, Sh. Manish Arora, Accountant and Sh. Ramesh Kumar, Accounts Assistant of the school appeared. They furnished the information, as was required by the Committee. The audit officer of the Committee was directed to tabulate the payment of salaries in the years 2008-09 and 2009-10, segregating the payments made by bank transfer and through bearer cheques or in

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Prince Public School, Rohini, Delhi-110085

cash, after examining the books of accounts and bank statements of the school. As per the statement prepared by the audit officer, out of a total amount of Rs. 54,26,469 paid as salary in 2008-09, a sum of Rs. 51,35,931 was paid by bank transfer. In 2009-10, the entire salary of Rs. 74,31,556 was paid by bank transfer.

Based on the information furnished by the school which had been verified by the Committee, the following calculation sheet was prepared by the Committee to examine the justifiability of the fee hike effected by the school:

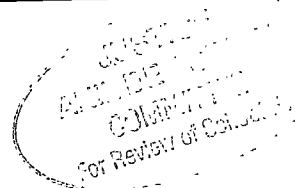
Calculation Sheet:

Statement showing Fund available as on 31.03.2008 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report			
	Particulars	Amount (Rs.)	Amount (Rs.)
	<u>Current Assets + Investments</u>		
	Cash in hand	191,311	
	Bank Balance	3,013	
	FDRs with accrued interest	210,314	
	Prepaid Insurance	60,773	465,411
Less	<u>Current Liabilities</u>		
	Sundry Creditors	144,698	
	Bank Overdraft (Vijaya Bank)	21,911	
	Expenses Payable (including salary payable)	763,805	930,414
	Net Current Assets		(465,003)
	Funds available		
	Total Liabilities after implementation of VIth Pay Commission		
Less	Arrear of Salary as per 6th CPC	518,000	
	Incremental Salary for 2009-10 (as per working notes given below)	2,005,087	2,523,087
	Excess / (Short) Fund Before Fee Hike		(2,988,090)
Add	Total Recovery after VI th Pay Commission		
	Arrear of tuition fee received	535,000	
	Incremental Tuition Fee in 2009-10 (as per working notes)	1,035,665	1,570,665
	Excess / (Short) Fund After Fee Hike		(1,417,425)

Working Notes:

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Prince Public School, Rohini, Delhi-110085

	2008-09	2009-10
Tuition Fee as per Income & Expenditure Account	8,408,100	9,443,765
Incremental Tuition Fee in 2009-10 as per I & E A/c	<u>1,035,665</u>	
	2008-09	2009-10
Salary as per salary statement authenticated by school	5,426,469	7,431,556
Incremental Salary in 2009-10	<u>2,005,087</u>	

As per the calculation sheet, the school did not have any funds available with it at the threshold. The aggregate off arrear fee collected by it and the incremental fee for the year 2009-10 resulted in additional revenue of Rs. 15,70,665. On the other hand, the implementation of VI Pay Commission report and the arrears paid by the school resulted in an additional outgo of Rs. 25,23,087. The school has not made any claim for being allowed any further hike in fee over and above the hike effected by it in terms of order dated 11/02/2009 issued by the Director of Education. In view of this position, the Committee is of the view that no intervention is required in the matter of fee hike effected by the school.

Recommendations:

In view of the foregoing discussion and determinations, the Committee recommends no intervention in the matter of fee hiked by the school in terms of order dated 11/02/2009 issued by the Director of Education.

Sd/-
CA J.S. Kochar
Member

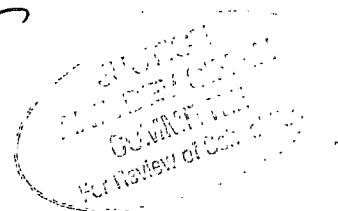
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated: 12/08/2015

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Secretary



Prince Public School, Budh Vihar, Delhi-110086

In order to elicit the relevant information from the schools to arrive at proper conclusions with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school).

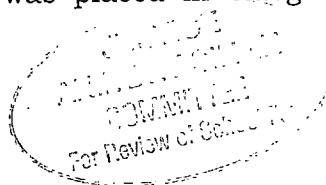
In response to the aforesaid questionnaire, the school, vide its letter dated 28/02/2012, stated as follows:

- (a) It had implemented the recommendations of Vith Pay Commission w.e.f. 01/04/2009.
- (b) It had hiked the fee in pursuance of order dated 11/02/2009 issued by the Director of Education w.e.f. 01/04/2009.
- (c) No arrear of salary was paid to the staff as the school did not collect any arrear of fee from the students.

Along with the reply, the school filed a copy of the pay bill for the month of March 2009 showing total outgo on salary to be Rs. 4,02,786 and that for the month of April 2009 showing the increased outgo on salary to be Rs. 6,93,593. Another annexure was enclosed showing the pre implementation fee as well as post implementation fee and as per this annexure, the monthly fee of the students of classes I to VIII was increased by Rs. 200 while that for classes IX to XII was increased by Rs. 300. Based on this reply, the school was placed in category 'B' for verification.

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Prince Public School, Budh Vihar, Delhi-110086

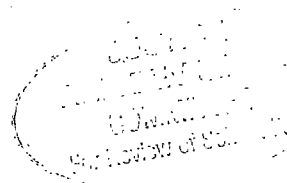
Copies of the Annual returns filed by the school under rule 180 of Delhi School Education Rules 1973, were received from the office of the concerned Dy. Director of Education.

The relevant calculations to examine the justifiability of fee hike were, in the first instance, prepared by the Chartered Accountants detailed with the Committee (CAs). As per these calculations, the school was in deficit to the tune of Rs. 5,27,471, after taking into account the funds available with the school at the threshold, the additional revenue generated by the school by way of fee hike and recovery of arrears and the financial impact of the implementation of VI Pay Commission report.

On prima facie examination of the preliminary calculations prepared by the CAs, the Committee observed that the CAs had calculated the financial impact of implementation of VI Pay Commission report by extrapolating the difference in monthly salary that was paid immediately before implementation of VI Pay Commission report and the month salary that was paid immediately after such implementation. Likewise, the additional fee revenue on account of fee hike and recovery of arrear fee was calculated by factoring in the total number of students and the monthly fee hike. No attempt was made to reconcile the figures with the audited financials of the school.

In order to verify the information furnished by the school in reply to the questionnaire issued by the Committee as well as the information contained in the annual returns filed by the school, the Committee issued a notice dated 10/01/2014, requiring the school to produce on

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Prince Public School, Budh Vihar, Delhi-110086

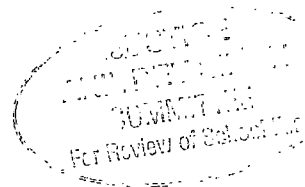
04/02/2014, its fee receipts, fee registers, cash book and ledgers, bank statements, salary register, provident fund and TDS returns. A questionnaire seeking relevant information regarding charging and utilisation of development fee as well as maintenance of earmarked development fund and depreciation reserve fund was also issued. The date fixed for verification of records was postponed to 18/02/2014 on account of certain exigencies.

On the aforesaid date, Sh. Prince Solanki, Administrative Officer of the school appeared along with Sh. Ramesh Kumar, part time Accountant for verification of records. They also filed a reply to the questionnaire contended that the school had not collected any development fee in any year.

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

- (a) The school implemented the recommendations of the VI Pay Commission except that the dearness allowance was paid at a rate which was slightly less than what was payable.
- (b) The salary was paid through bank transfer.
- (c) The school deducted TDS wherever it was applicable and filed the returns with the appropriate authorities.
- (d) The school paid arrear of salary to the staff amounting to Rs. 6,34,000 in the year 2009-10, and such payment was made through bank.

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Prince Public School, Budh Vihar, Delhi-110086

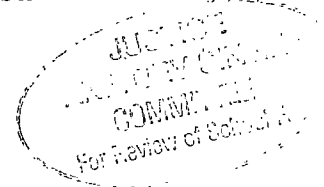
- (e) The tuition fee charged by the school was in accord with the fee structures and the same was hiked by Rs. 200 per month for classes I to VIII and by Rs. 300 per month for classes IX to XII.
- (f) The school did not collect any arrear fee.
- (g) No discrepancy was observed in the maintenance of books of accounts.

The Committee issued a notice dated 01/04/2015 fixing the hearing of the school on 09/04/2015 and also required the school to furnish the aggregate figures of arrear fee for different periods, regular tuition fee for 2008-09, 2009-10 and 2010-11, arrear salary and regular salary for these years, duly reconciled with the audited Income & Expenditure Account. The school was also required to furnish bank statements highlighting payment of salaries, the statement of account of the trust/ society running the school as appearing in its books, details of accrued liabilities, gratuity and leave encashment.

On this date, Sh. Prince, Coordinator, Sh. Manish Arora, Accountant and Sh. Ramesh Kumar, Accounts Assistant of the school appeared. They furnished the information, as was required by the Committee. The audit officer of the Committee was directed to tabulate the payment of salaries in the years 2008-09 and 2009-10, segregating the payments made by bank transfer and through bearer cheques or in cash, after examining the books of accounts and bank statements of the school. As per the statement prepared by her, out of a total amount of Rs. 51,09,573 paid as salary in 2008-09, a sum of Rs. 50,51,323 was

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Prince Public School, Budh Vihar, Delhi-110086

paid by bank transfer. In 2009-10, the entire salary of Rs. 89,11,058 was paid by bank transfer.

At this stage, it is appropriate to mention that there is a discrepancy in the stand taken by the school with regard to payment of arrear salary. In the reply to the questionnaire issued by the Committee, the school stated that *"Arrear of the fee was not collected from the students, as a result arrear of salary to the staff are pending. Arrear of the salary to the staff will be paid as and when sufficient funds will be available."* This reply is dated 28/02/2012. However, at the time of verification of records by the audit officer on 18/02/2014 and at the time of hearing before the Committee on 09/04/2015, the school stated that a sum of Rs. 6,34,000 had been paid as arrears in the financial year 2009-10. In view of the contradictory stand taken by the school which has remained unexplained, the Committee will exclude from its consideration the payment of arrear salary claimed to have been made by the school.

The following calculation sheet is prepared by the Committee to examine the justifiability of the fee hike effected by the school:

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Prince Public School, Budh Vihar, Delhi-110086**Calculation Sheet:**

Statement showing Fund available as on 31.03.2009 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report			
	Particulars	Amount (Rs.)	Amount (Rs.)
	<i>Current Assets + Investments</i>		
	Cash in hand	111,361	
	Bank Balance	128,204	
	FDRs with accrued interest	228,032	
	Loans & Advances	452,098	919,695
Less	<i>Current Liabilities</i>		
	Sundry Creditors	82,178	
	Expenses Payable	492,503	574,681
	Net Current Assets (Funds Available)		345,014
	Total Liabilities after implementation of VIth Pay Commission		
Less	Arrear of Salary as per 6th CPC	-	
	Increased Salary for 2009-10 (as per calculation given below)	3,801,485	3,801,485
	Excess / (Short) Fund Before Fee Hike		(3,456,471)
Add	Total Recovery after VI th Pay Commission		
	Annual increase in Total Fee (FY 09-10)	2,956,470	2,956,470
	Excess / (Short) Fund After Fee Hike		(500,001)

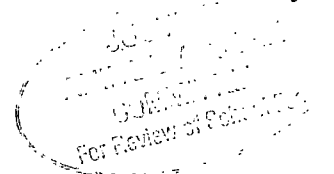
Working Notes:

	2008-09	2009-10
Tuition Fee as per Income & Expenditure Account	9,682,345	12,638,815
Increase in Tuition Fee in 2009-10 as per I & E A/c	2,956,470	
	2008-09	2009-10
Salary as per salary statement authenticated by school	5,109,573	8,911,058
Increase in Salary in 2009-10	3,801,485	

As per the calculation sheet, the school had funds to the tune of Rs. 3,45,014 available with it at the threshold. The additional burden on account of implementation of VI Pay Commission report w.e.f. 01/04/2009 was Rs. 38,01,485. Thus the school needed to hike the fee to offset the resultant deficit of Rs. 34,56,471. The fee hike by the school resulted in an additional revenue of Rs. 29,56,470, leaving an uncovered deficit of Rs. 5,00,001. The school has not made any claim for being allowed any further hike in fee over and above the hike effected by it in

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Prince Public School, Budh Vihar, Delhi-110086

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terms of order dated 11/02/2009 issued by the Director of Education. In view of this position, the Committee is of the view that no intervention is required in the matter of fee hike effected by the school.

Recommendations:

In view of the foregoing discussion and determinations, the Committee recommends no intervention in the matter of fee hiked by the school in terms of order dated 11/02/2009 issued by the Director of Education.

CA J.S. Kochar
Member

Sd/-

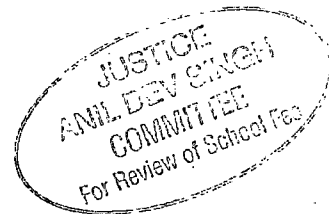
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated: 12/08/2015

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Secretary



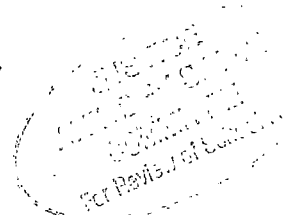
Sri Ram International School, Najafgarh, New Delhi-43.

1. The school responded to the questionnaire issued by the Committee on 27.02.2012. As per the reply dated 29.02.2012 :-
 - (i) The school implemented the recommendations of the Sixth Pay Commission w.e.f. 01.04.2009.
 - (ii) The school hiked the tuition fee w.e.f. 01.09.2008 in terms of the order of the Director of Education dated 11.02.2009.
 - (iii) The school neither collected arrears of fee from the students nor paid arrears of salary to the staff.
2. 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.
3. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. 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 10.01.2014, required the school to appear on 27.01.2014 and to produce entire accounting, fee and salary records for the years 2008-09 to 2010-11.

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Secretary

Page 1 of 5



Sri Ram International School, Najafgarh, New Delhi-43.

5. On 27.01.2014 Sh. Ashok Sharma, LDC of the school attended the Office of the Committee and produced incomplete record for the scrutiny by the Audit Officer of the Committee.
6. The record, 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 hiked fee in terms of the order of the Director of Education dated 11.02.2009. During 2010-11 there was no hike in tuition fee.
- (ii) The school did not produce salary payment record for the period 2008-09 to 2010-11 therefore, the school was directed to produce the salary record on 12.02.2014.
7. On 12.02.2014 Sh. Ashok Kumar, LDC of the school produced the salary record for its examination by the Audit Officer of the Committee. On examination of the record the Audit Officer recorded that the school has implemented the recommendations of the Sixth Pay Commission w.e.f. April 2009, but the salary to the staff had been paid in cash.
8. In order to give an opportunity of being heard to the school, the Committee issued notice dated 01.04.2015 to the school for hearing on 10.04.2015. The notice required the school to furnish the information

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Secretary

Sri Ram International School, Najafgarh, New Delhi-43.

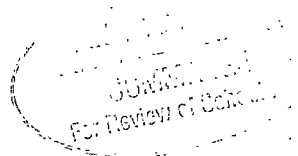
regarding fee and salaries in a structured format, duly reconciled with the income and expenditure accounts. The notice also required the school to furnish details of accrued liabilities of gratuity/leave encashment, if applicable to the school, statements of account of the parent society as appearing in the books of the school, bank statements highlighting the payments of arrear salary, copy of circular issued to the parents.

9. On 10.04.2015, Ms. Kavita Malik and Sh. Ashok Kumar Advocate of the school appeared before the Committee and produced record for the examination by the Committee. It was stated by them that the school did not charge any development fee from the students and it did not even hike the tuition fee in 2008-09 and 2010-11. The Committee observed that the fee record of 2010-11 had been examined by the Audit Officer of the Committee but that of 2008-09 had not been checked. Hence, the school was directed to produce its fee record for 2007-08 and 2008-09 on 16.04.2015 for verification by the Audit Officer of the Committee.

10. On 16.04.2015 Sh. Vipin Das, Clerk and Sh. Mukesh Kumar, IT Assistant of the school attended the Office of the Committee but did not

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Sri Ram International School, Najafgarh, New Delhi-43.

produce the complete fee record. The school was provided another opportunity to produce its complete fee record on 20.04.2015.

11. On 20.04.2015 Sh. Vipin Das, Clerk and Sh. Mukesh Kumar IT Assistant of the school produced fee record for 2007-08 and 2008-09 for the verification of the Audit Officer of the Committee. The Audit Officer of the Committee after the examination of the fee record for both the years reported that the total fee received by the school in 2007-08 and 2008-09 was same and remained unchanged.

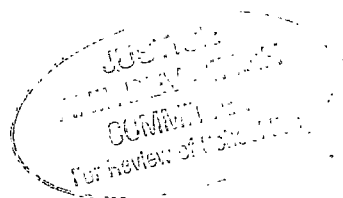
DISCUSSION

The Committee has perused the observations of the Audit Officer and the comparative chart of fee for the years 2007-08 to 2010-11. The following chart would show the exact extent of hike in tuition fee during the years 2007-08 to 2010-11 :-

Class	Tuition Fee during 2007-08	Tuition Fee during 2008-09	Tuition Fee during 2009-10	The extent of Tuition Fee increased in 2009-10	Tuition Fee during 2010-11	Tuition Fee increased in 2010-11
I to V	500	500	600	100	600	Nil
VI to VIII	600	600	800	200	800	Nil

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Sri Ram International School, Najafgarh, New Delhi-43.

12. From the above, it is manifest that the school had increased the tuition fee during the year 2009-10 in terms of the order of the Director of Education dated 11.2.2009 for all class, but there was no hike during 2008-09 and 2010-11. If the hike in 2009-10 is spread over to 2008-09 and 2010-11, then the average hike in tuition fee for these years works out to be within the tolerance limit of 10%.
13. As per record the school has not charged development fee.

RECOMMENDATION

In view of the fact that the school did not hike any fee in 2008-09 and 2010-11, the Committee feels that no intervention is required qua the aspect of fee.

Recommended accordingly.

Sd/-

J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

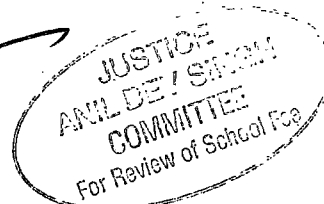
Sd/-

Dr. R.K. Sharma
Member

Dated : 10.09.2015.

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Secretary



St. Mary's Public School, Neb Sarai, New Delhi-110068

In order to elicit the relevant information from the schools to arrive at proper conclusions with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school).

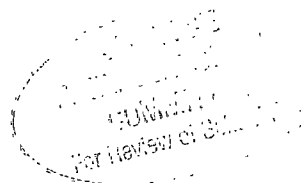
In response to the aforesaid questionnaire, the school, vide its letter dated 02/03/2012, stated as follows:

- (a) It had implemented the recommendations of VIth Pay Commission w.e.f. 01/01/2006.
- (b) It had paid the arrears of salary for the period 01/01/2006 to 31/03/2009.
- (c) It had hiked the fee in pursuance of order dated 11/02/2009 issued by the Director of Education w.e.f. 01/09/2008.
- (d) It had recovered the arrears of fee for the period 01/01/2006 to 31/08/2008 as well as 01/09/2008 to 31/03/2009.

Along with the reply, the school filed a copy of the pay bill for the month of March 2009 showing total outgo on salary to be Rs. 10,30,310 and that for the month of April 2009 showing the increased outgo on salary to be Rs. 18,97,704. A copy of the arrear payment sheet, showing arrear payments of salary amounting to Rs. 48,83,300 was also enclosed. Copy of the circular issued to the parents was also enclosed to show the hike in fee effective from 01/09/2008 and recovery of arrears for the period 01/01/2006 to 31/08/2008.

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St. Mary's Public School, Neb Sarai, New Delhi-110068

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Effectively the school stated that it had actually implemented the recommendations of the VI Pay Commission w.e.f. 01/04/2009 and paid the arrears of salary for the period 01/01/2006 to 31/03/2009. Based on this reply, the school was placed in category 'B' for verification.

Copies of the Annual returns filed by the school under rule 180 of Delhi School Education Rules 1973, were received from the office of the concerned Dy. Director of Education.

The Committee issued a notice dated 01/04/2015 fixing the hearing of the school on 10/04/2015 and also required the school to furnish the aggregate figures of arrear fee for different periods, regular tuition fee for 2008-09, 2009-10 and 2010-11, arrear salary and regular salary for these years, duly reconciled with the audited Income & Expenditure Account. The school was also required to furnish bank statements highlighting payment of salaries, the statement of account of the trust/ society running the school as appearing in its books, details of accrued liabilities, gratuity and leave encashment. A questionnaire specifically requiring the information with regard to development fee charged by the school and maintenance of earmarked development and depreciation reserve fund was also issued to the school.

On the date of hearing, Mr. Sam Kutty, Accountant of the school appeared and sought adjournment in order to compile the data as per

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St. Mary's Public School, Neb Sarai, New Delhi-110068 000523

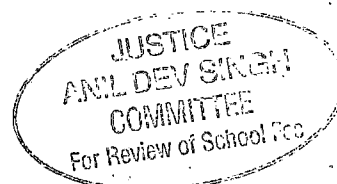
the Committee's Notice. Acceding to his request, a fresh hearing was fixed for 06/05/2015. On this date, Sh. Sam Kutty, appeared along with Sh. Parmod Sinha, with authorisation from the Principal of the school. They furnished the information as per the notice of the Committee under cover of the school's letter dated 06/05/2015.

The following details with regard to arrear fee, regular fee, arrear salary and regular salary for the years 2008-09 to 2010-11 were furnished:

Fee	2008-09	2009-10	2010-11
Arrear fee for the period from 01.01.2006 to 31.08.2008	0	40,91,475	0
Arrear fee (Tuition fee) for the period from 01.09.2008 to 31.03.2009	18,49,610	11,27,550	0
Arrear fee (Development fee) for the period from 01.09.2008 to 31.03.2009	0	0	0
Regular/ Normal Tuition Fee	2,46,48,200	3,05,50,995	3,39,24,353
Regular/ Normal Development Fee	0	41,81,310	46,41,260
Fee under other heads	37,07,410	49,93,893	63,89,564
Total as per Income & Expenditure Account	3,02,05,220	4,49,45,223	4,49,55,177
Salary			
Arrear Salary for 01.01.2006 to 31.08.2008	0	48,83,300	0
Arrear Salary for 01.09.2008 to 31.03.2009			
Regular/ Normal Salary	1,38,85,410	2,29,84,987	2,85,00,354
Total as per Income & Expenditure Account	1,38,85,410	2,78,68,287	2,85,00,354

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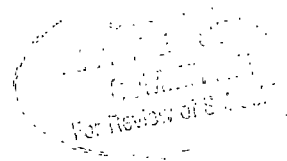
The representatives of the school contended that the arrears of salary were paid by crossed account payee cheques and in support of their contention, they filed copies of bank statements.

They also filed actuarial valuation in support of their claim that the school had an accrued liability of Rs. 58,01,715 in respect of gratuity and Rs. 45,82,950 in respect of leave encashment as on 31/03/2010. Copies of balance sheet of the parent society were also filed to show that there was no diversion of funds from the school to its parent society.

With regard to development fee, the school stated that it had introduced the development fee for the first time in 2009-10 and recovered a sum of **Rs. 41,81,310** on this account in that year and a sum of **Rs. 46,41,260** in the year 2010-11. It was fairly conceded that the development fee was treated as a revenue receipt in the accounts and no earmarked funds were maintained by the school for development fund and depreciation reserve fund.

During the course of hearing, the Committee examined the financials of the school as also the information furnished during the course of hearing with reference to its books of account and bank statements and found the same to be credible. However, the Committee also noticed that although there did not appear to be any diversion of funds by the school to its parent society, the school had

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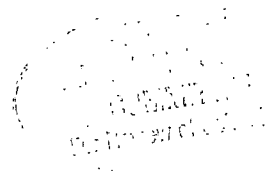

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taken loans for construction of building, buying buses and cars and was repaying the same out of the revenues of the school i.e. the fee of the students. Such repayment amounts to incurring of capital expenditure out of the fee of the students, which is not permissible in terms of the judgment of the Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583. In view of this, the Committee was of the opinion that the amount of loans repaid during the period 01/04/2006 to 31/03/2010, ought to be considered as funds available with the school as they had been diverted for a purpose which was not permissible. Accordingly, based on the financials of the school, the diversion of funds for incurring capital expenditure was worked out by the Committee as per the following details:

<u>Statement showing diversion of funds towards repayment of loans and interest</u>					
	<u>31.3.2006</u>	<u>31.3.2007</u>	<u>31.3.2008</u>	<u>31.3.2009</u>	<u>31.3.2010</u>
Secured Loans (for building, buses & cars) as per balance sheet	10,439,972	10,298,540	8,510,883	6,371,666	6,161,255
Decrease in Secured Loans in 2006-07		141,432			
Decrease in Secured Loans in 2007-08		1,787,657			
Decrease in Secured Loans in 2008-09		2,139,217			
Decrease in Secured Loans in 2009-10		210,411			
Interest on loans paid in 2005-06		975,216			
Interest on loans paid in 2006-07		888,007			
Interest on loans paid in 2007-08		1,358,496			
Interest on loans paid in 2008-09		1,004,954			
Interest on loans paid in 2009-10		887,571			
Total Diversion of funds towards repayment of loans and interest		9,392,961			

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Calculation Sheet:

After factoring in the above diversion, the Committee prepared the following calculation sheet:

Statement showing Fund available as on 31-03-2008 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report			
	Particulars	Amount (Rs.)	Amount (Rs.)
	Funds diverted for repayment of loans and interest		9,392,961
	<u>Current Assets + Investments</u>		
	Cash in hand	1,763	
	Indian Bank Current Account	3,079,987	
	Indian Bank Savings Account	12,177	
	Indian Bank (Welfare Fund)	129,981	
	Fixed Deposits	215,706	3,439,614
Less	<u>Current Liabilities</u>		12,832,575
	Students' Refundable Caution Money	1,791,050	
	EPF Payable	82,936	
	TDS Payable	11,742	
	Expenses Payable	40,000	
	Salaries Payable	915,710	2,841,438
	Net Current Assets + Investments (Funds Available)		9,991,137
Less	Total Liabilities after implementation of Vith Pay Commission		
	Arrear of Salary as per VI th Pay Commission for 1.1.06 to 31.8.08	4,883,300	
	Arrear of salary for 1.9.08 to 31.3.09		
	Incremental Salary in 2009-10 (as per calculation given below)	9,099,577	13,982,877
	Excess / (Short) Fund Before Fee Hike		(3,991,740)
Add	Total Recovery after VI th Pay Commission		
	Arrear of fee for the period 01.01.06 to 31.08.08	4,091,475	
	Arrear of fee for the period 01.09.08 to 31.03.09	2,977,160	
	Incremental Tuition Fee in 2009-10	5,902,795	12,971,430
	Excess / (Short) Fund After Fee Hike		8,979,690
Less	Reserves required to be maintained:		
	for future contingencies (equivalent to 4 months salary)	7,661,662	
	for Gratuity as on 31.03.2010	5,801,715	
	for Leave Encashment as on 31.03.2010	4,582,950	18,046,327
	Excess / (Short) Fund		(9,066,637)

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For Review of...

St. Mary's Public School, Neb Sarai, New Delhi-110068Working Notes:

	2008-09	2009-10
Normal/ regular salary	13,885,410	22,984,987
Incremental salary in 2009-10	9,099,577	
Regular Tuition fee	24,648,200	30,550,995
Incremental tuition fee in 2009-10	5,902,795	

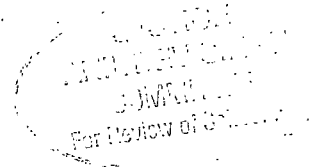
As is apparent from the calculation sheet, the school had available with it a sum of Rs. 99,91,137 as on 31/03/2008, after factoring in the diversion of funds for capital expenditure. The total impact of the implementation of the recommendations of VI Pay Commission upto 31/03/2010 was Rs. 1,39,82,877, leaving a gap of Rs. 39,91,740, which needed to be bridged by hiking the fee and recovering the arrear fee. It is noteworthy that upto this stage, the Committee has not taken into consideration the total requirements of the funds to be kept in reserve by the school for meeting its accrued liabilities of gratuity, leave encashment and reserve for future contingencies. The requirement of funds to be kept in reserve was of the order of Rs. 1,80,46,327 as per details given in the calculation sheet.

The school generated the sum of Rs. 1,29,71,430 by way of fee hike as against the gap of Rs. 39,91,740, thus apparently the school recovered a sum of Rs. 89,79,690, in excess of its requirement. Further, the school conceded that the development fee charged by it in 2009-10 and 2010-11 was treated as a revenue receipt and no

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earmarked accounts for development fund and depreciation reserve fund were maintained. The total development fee charged by the school in 2009-10 and 2010-11 was Rs. 88,22,570. Thus apparently, the school was required to refund a total sum of Rs. 1,78,02,260 (89,79,690+88,22,570). However, in view of the requirement of the school to keep funds in reserve amounting to Rs. 1,80,46,327, the Committee refrains from making any recommendation for refund of any amount, as in the facts and circumstances of the case, the Committee finds that the fee hike by the school was justified.

Recommendations:

In view of the foregoing discussion and determinations, the Committee recommends no intervention in the matter of fee hiked by the school and the arrears of fee recovered by it in terms of order dated 11/02/2009 issued by the Director of Education, and also the development fee charged by the school in the years 2009-10 and 2010-11

Sd/-
CA J.S. Kochar
Member

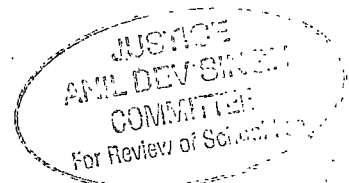
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated: 31/08/2015

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J.K. Happy School, Chooriwalan, Delhi-110006

In order to elicit the relevant information from the schools to arrive at proper conclusions with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school).

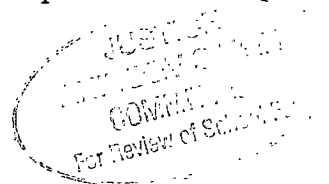
In reply, the school, vide its letter dated 03/03/2012 submitted that it had implemented the recommendations of VI Pay Commission w.e.f. 01/09/2008 and paid arrears of salary for the period 01/01/2006 to 31/08/2008. With regard to fee also, the school stated that it had hiked by the fee w.e.f. 01/09/2008 and recovered the lump sum arrear fee, as envisaged in the order dated 11/02/2009 of the Director of Education. Supporting details were filed along with the reply to the questionnaire. Based on this information, the school was placed in category 'B'.

The annual returns filed by the school under Rule 180 of Delhi School Education Rules, 1973 were received from the office of the concerned Dy. Director of Education.

The Committee issued a notice dated 06/04/2015 fixing the hearing of the school on 15/04/2015. Vide the aforesaid notice, the Committee required the school to furnish the aggregate figures of arrear fee for different periods, regular tuition fee for 2008-09, 2009-10 and 2010-11, arrear salary and regular salary for these years, duly reconciled with the audited Income & Expenditure Account. The

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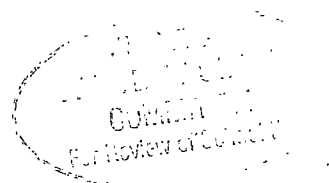
Secretary



school was also required to furnish bank statements highlighting payment of salaries, the statement of account of the trust/ society running the school as appearing in its books, details of accrued liabilities, gratuity and leave encashment. The school was also issued a questionnaire eliciting the relevant information with regard to charging of development fee, its utilisation and maintenance of earmarked of development and depreciation reserve funds.

No body from the school appeared on the scheduled date. The tracking report of the service of notice to the school was also not available from the website of India Post, although the notice was sent by Speed Post. In the interest of justice, the Committee did not proceed ex parte. On 16/04/2015, a letter was received from the school informing that the Secretary of the school who was to appear before the Committee was indisposed and was receiving medical treatment at a hospital. Accordingly, a fresh hearing was fixed for 06/05/2015. On this date, one Sh. Ankit Arora, with authorisation from the Secretary of the school, appeared before the Committee. He furnished the information sought by the Committee with regard to regular fee and salary, as well as arrear fee and salary of the school for the years 2008-09, 2009-10 and 2010-11, duly reconciled with the audited Income & Expenditure Accounts of the school. He also furnished the detail of arrear payments along with the bank statements showing payments to have been made by bank transfer.

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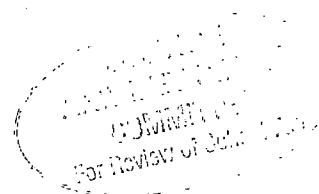

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J.K. Happy School, Chooriwalan, Delhi-110006

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The statement of the account of the Parent Society as appearing in the books of accounts of the school were also furnished. With regard to accrued liabilities on account of gratuity and leave encashment, bare figures were furnished without any employee wise details. The reply to the questionnaire regarding development fee was also furnished, vide which the school conceded that the development fee charged by it was treated as revenue receipt and no separate depreciation reserve fund or development fund were maintained by the school. The amount of development fee charged in 2009-10 was stated to be **Rs. 4,46,040** and that in 2010-11 **Rs. 4,38,480**. However, the school did not produce its books of accounts nor its fee and salary records for verification by the Committee. Accordingly, the school was given one more opportunity to produce its records on 25/05/2015. On this date, the school produced its records and also filed the detailed employee wise statement in respect of its liabilities on account of gratuity and leave encashment. The statement of fee and salary filed by the school was verified by the Committee with reference to its audited financials, books of accounts, bank statements and salary records. The contentions of the school were found to be correct. Accordingly, the Committee directed its audit officer to prepare a preliminary calculation sheet to examine the justifiability of the hike in fee effected by the school as well as the arrear fee recovered by it. The audit officer prepared the following calculation sheet:

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J.K. Happy School, Chooriwalan, Delhi-110006

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Calculation Sheet with regard to hike in Tuition Fee:

Statement showing Fund available as on 31.03.2008 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report			
	Particulars	Amount (Rs.)	Amount (Rs.)
	<u>Current Assets + Investments</u>		
	Cash in hand	1,577	
	Bank Balance	527,523	
	Student Welfare Fund Investment	757,681	
	Caution Money fund investment with accrued interest	220,600	
	Gratuity Fund Investment with accrued interest	1,647,104	3,154,485
Less	<u>Current Liabilities</u>		
	Provident Fund Payable	42,187	
	Accrued Liability of gratuity provided	2,292,776	
	Liability for expenses	7,789	
	Salary payable	290,391	
	Audit fee Payable	5,618	
	Advance fee	390,720	
	Caution Money	187,600	3,217,081
	Net Current Assets (Funds Available)		
	Total Liabilities after implementation of VIth Pay Commission		
Less	Arrear of Salary as per 6th CPC from 1.1.2006 to 31.3.2009	3,249,180	
	Incremental Salary for 2009-10 (as per working given below)	1,545,692	4,794,872
	Excess / (Short) Fund Before Fee Hike		(4,794,872)
Add	Total Recovery after VI th Pay Commission		
	Arrear of tuition fee from 1.1.2006 to 31.3.2009	913,650	
	Incremental tuition fee in 2009-10 (working given below)	446,935	1,360,585
	Excess / (Short) Fund After Fee Hike		(3,434,287)

Development fee treated as revenue receipt

For the year 2009-10	446,040
For the year 2010-11	438,480
Total	884,520

Working Notes:

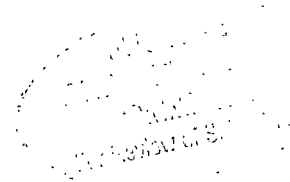
	2008-09	2009-10
Tuition Fee as per Income & Expenditure Account	5,934,915	6,381,850
Incremental Tuition Fee in 2009-10 as per I & E A/c	446,935	
	2008-09	2009-10
Salary as per Income & Expenditure account	4,362,257	5,907,949
Incremental Salary in 2009-10 as per I & E A/c	1,545,692	

As per the calculation sheet, the school had no available with it as on 31/03/2008. The total additional burden on account of

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implementation of VI Pay Commission report upto 31/03/2010 was of the order of Rs. 47,94,872, by way of arrear salary and incremental salary. This deficit needed to be bridged by recovering arrear fee and by hiking regular fee for the year 2009-10. The total collection of the school by way of arrear fee and incremental fee was Rs. 13,60,585, leaving an uncovered deficit of **Rs. 34,34,287**. This deficit is worked out without accounting for the requirement of the school to keep funds in reserve for any future contingency.

The calculation sheet has been checked by the Committee and the same is found to be in order. The school has not made any claim for being allowed any further fee hike over and above the hike permitted to it vide order dated 11/02/2009 issued by the Director of Education. In view of this position, the Committee is of the view that the tuition fee hiked by the school and the arrear fee recovered by it, to the extent it was hiked/recovered, was justified and no intervention is required in the matter.

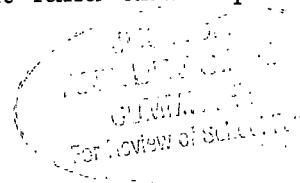
Development Fee:

The school admittedly recovered a sum of **Rs. 4,46,040 in 2009-10** and **Rs. 4,38,480** in 2010-11 as development fee. Thus the total development fee recovered in pursuance of order dated 11/02/2009 issued by the Director of Education upto 31/03/2011 was **Rs.8,84,520**. This was admittedly treated as a revenue receipt and admittedly no earmarked development fund and depreciation

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Secretary



J.K. Happy School, Chooriwalan, Delhi-110006

reserve fund accounts were maintained. Thus none of the pre conditions laid down by the Duggal Committee and affirmed by the Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583 was fulfilled. In normal course, the Committee would have recommended refund of the development fee charged by the school. However, in view of the fact that the school had a large amount of deficiency of **Rs. 34,34,287** in tuition fee account while implementing the recommendations of VI Pay Commission and it recouped itself partly by recovering development fee and treating it as a revenue receipt, the Committee refrains from recommending any refund of the development fee. The Committee is therefore of the view that no intervention is required in the matter of development fee also.

Recommendations:

In view of the foregoing discussion and determinations, the Committee recommends no intervention in the matter of tuition fee hiked by the school, arrear fee recovered by it and the development fee charged by it in pursuance of order dated 11/02/2009 issued by the Director of Education.

Sd/-
CA J.S. Kochar
Member

Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated: 10/08/2015

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Secretary



Gyan Mandir Public School, Naraina Vihar, New Delhi-110028

In order to elicit the relevant information from the schools to arrive at proper conclusions with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school).

In response to the aforesaid questionnaire, the school, vide its letter dated 12/03/2012, stated as follows:

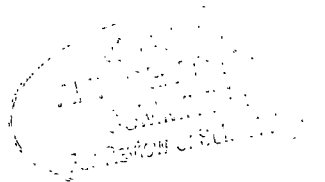
- (a) It had implemented the recommendations of Vith Pay Commission w.e.f. 01/01/2006 (sic). The monthly outgo on salary rose from Rs. 6,01,213 to Rs. 9,20,616, after implementation of VI Pay Commission report.
- (b) It had paid the arrears of salary for the period 01/01/2006 to 31/03/2009 amounting to Rs. 66,76,530.
- (c) It had hiked the fee in pursuance of order dated 11/02/2009 issued by the Director of Education w.e.f. 01/09/2008. The monthly fee collection rose from Rs. 10,31,255 to Rs. 12,79,855 after the fee hike.
- (d) It had recovered the arrears of fee for the period 01/01/2006 to 31/03/2009. The total collection of fee arrears amounted to Rs. 45,83,700.

Based on the above reply, the school was placed in category 'B' for verification.

In the first instance, preliminary calculations were made by the Chartered Accountants detailed with the Committee (CAs). As per the

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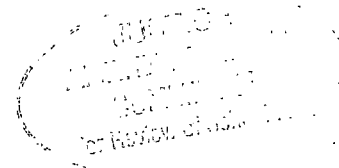
Gyan Mandir Public School, Naraina Vihar, New Delhi-110028

calculations so made, the school had funds available with it which amounted to Rs. 1,08,81,076 as on 31/03/2008. The additional financial burden on account of the implementation of VI Pay Commission report upto 31/03/2010, was Rs. 1,05,09,366. Hence, apparently the school did not require to raise any fee for the purpose of implementation of the VI Pay Commission report. However, the school collected a sum of Rs. 74,26,500 by way of recovery of fee arrears and increased fee as per order dated 11/02/2009 issued by the Director of Education. The CAs qualified their calculations by stating that they had not considered the provision for retirement benefits while making the calculations.

The Committee reviewed the preliminary calculation sheet prepared by the CAs and also perused the annual returns filed by the school under Rule 180 of the Delhi School Education Rules, 1973. The Committee observed that the CAs had made the calculations by extrapolating the increase in monthly fee on the basis of fee schedules and increase in salary on the basis of the reply furnished by the school to the questionnaire issued by the Committee. No attempt was made to reconcile the figures of fee and salary with the audited Income & Expenditure Accounts of the school. Moreover, it appeared that the school was running a pre primary school and it prima facie appeared that the financials of the pre primary school had not been taken into account while making the preliminary calculations.

The Committee issued a notice dated 27/04/2015, requiring the school to furnish the aggregate figures of arrear fee for different periods,

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Gyan Mandir Public School, Naraina Vihar, New Delhi-110028

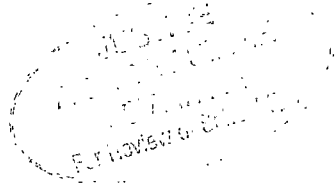
regular tuition fee for 2008-09, 2009-10 and 2010-11, arrear salary and regular salary for these years, duly reconciled with the audited Income & Expenditure Account. The school was also required to furnish bank statements highlighting payment of salaries, the statement of account of the trust/ society running the school as appearing in its books, details of accrued liabilities, gratuity and leave encashment. The school was also issued a questionnaire regarding development fee charged by it in order to elicit the relevant information as to whether the school was following the pre conditions laid down 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 hearing was fixed for 12/05/2015, which was deferred to 13/05/2015.

On this date, Ms. Sumati Anand, Principal, Sh. M.S. Bhalla, Manager, Sh. R.S. Bhisht, Office Supdt. and Sh. S.S. Rawat, UDC of the school appeared. They furnished the information, as required by the Committee. They also filed a reply to the questionnaire of Development fee.

It was contended that the school had implemented the recommendations of the VI Pay Commission. The arrears of salary were paid in five instalments, along with regular salary. The fee was hiked as per order dated 11/02/2009 of the Director of Education and the arrear fee was also recovered, as envisaged in that order. However, no arrears of development fee were recovered. It was further contended that the school has taken a group gratuity policy of LIC and as such the liability for

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Gyan Mandir Public School, Naraina Vihar, New Delhi-110028

gratuity is taken care of by LIC. Further time was sought to furnish the details of accrued liability on account of leave encashment. The school was granted time upto 18/05/2015 to furnish the same. The same was furnished by the school on 18/05/2015 and as per the details, the school had a liability of Rs. 47,67,909 on account of leave encashment as on 31/03/2010 in respect of the main school and Rs. 3,94,831 in respect of the pre primary school.

As for the regular development fee, it was conceded that the same was treated as a revenue receipt.

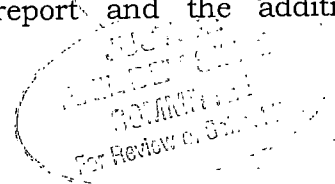
The representatives of the school also furnished the audited financials of Khosla Education Foundation, the Parent Society of the school. The financials of the pre primary school as well as the bookshop run by the school, were incorporated in the financials of the Parent Society. The information regarding fee and salary of the pre primary school was also furnished by the school.

During the course of hearing, the Committee verified the information furnished by the school with reference to its audited financials.

Based on the information furnished by the school which had been verified by the Committee, the Committee prepared a calculation sheet as follows which reflects the funds available with the school as well as with the Society before effecting the fee hike, the total financial impact of implementation of VI Pay Commission report and the additional

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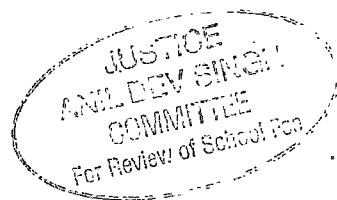


Gyan Mandir Public School, Naraina Vihar, New Delhi-110028

resources generated by the school by way of fee hike and recovery of arrear fee as per order dated 11/02/2009 of the Director of Education.

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Gyan Mandir Public School, Naraina Vihar, New Delhi-110028**Calculation Sheet with regard to Tuition Fee:**

Statement showing Fund available as on 31-03-2008 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report				
	Particulars	Sr. School	PP School + Book shop	Total
	<u>Current Assets + Investment</u>			
	Cash in hand	404	350	754
	Bank Balance	708,888	1,183,297	1,892,185
	FDRs with accrued interest	7,852,375	3,684,118	11,536,493
	Closing Stock of books	-	184,130	184,130
	Fee Receivable	9,595	-	9,595
	Sundry Debtors	-	-	-
	Postage Imprest	50	-	50
	Advances	95,000	776,980	871,980
	Amount receivable from Khosla Education Foundation	17,266	(17,266)	-
	Total Current assets (A)	8,683,578	5,811,609	14,495,187
Less	<u>Current Liabilities</u>			
	Deposits from Students	614,007	824,464	1,438,471
	Deposits from Contractors	34,884	4,103	38,987
	Book shops Bills payable	-	604,100	604,100
	Salary Payable	531,956	28,688	560,644
	PF Payable	70,395	9,092	79,487
	Bill/ Expenses payable	24,593	569,187	593,780
	Family Pension Fund Payable	17,432	1,573	19,005
	Auditors fee payable	11,250	7,500	18,750
	Total Current Liabilities (B)	1,304,517	2,048,707	3,353,224
	Net Current Assets + Investments (C=A-B)	7,379,061	3,762,902	11,141,963
Less	Arrear of Salary as per 6th CPC w.e.f. 01.01.06 to 31.08.2008	4,634,091	150,000	4,784,091
	Arrear of Salary as per 6th CPC w.e.f. 01.09.08 to 31.03.2009	2,061,472	78,000	2,139,472
	Incremental Salary in 2009-10 (as per working given below)	5,247,283	522,316	5,769,599
	Total (D)	11,942,846	750,316	12,693,162
	Excess / (Short) Fund Before Fee Hike (E=C-D)	(4,563,785)	3,012,586	(1,551,199)
Add	Tuition Fee Arrear for the period from 01.01.06 to 31.03.09	4,320,080	639,600	4,959,680
	Incremental Tuition fee in 2009-10 (as per working given below)	2,866,536	516,295	3,382,831
	Total (F)	7,186,616	1,155,895	8,342,511
	Excess / (Short) Funds After Fee Hike (G=E+F)	2,622,831	4,168,481	6,791,312
Less	Funds to be kept in reserve:			
	b) For accrued liability of leave encashment as on 31.03.2010*	4,767,909	394,831	5,162,740
	c) Reserve for future contingencies equivalent to 4 months salary	5,304,808	434,386	5,739,194
	Total Reserves (H)	10,072,717	829,217	10,901,934

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For Review of Salary

Gyan Mandir Public School, Naraina Vihar, New Delhi-110028**Working Notes:**

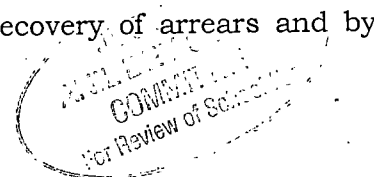
Sr. Sec. School	2008-09	2009-10
Normal/ regular salary	10,667,141	15,914,424
Incremental salary 2009-10	5,247,283	
PP School		
Normal/ regular salary	780,841	1,303,157
Incremental salary 2009-10	522,316	
Sr. Sec. School		
Regular/ Normal Tuition fee	12,302,066	15,168,602
Incremental tuition fee in 2009-10	2,866,536	
PP School		
Regular/ Normal Tuition fee	1,399,065	1,915,360
Incremental tuition fee in 2009-10	516,295	

The figures of arrear fee and arrear salary as given by the school while replying to the questionnaire issued by the Committee were slightly at variance with the figures that have been taken in the calculation sheet. This is mainly on account of the fact that while giving the reply to the questionnaire, the school did not include the figures of the pre primary school. The figures taken in the calculation sheet by the Committee are in accord with the audited financials of the school and therefore, have to be given precedence over the figures given by the school.

It is apparent from the calculation sheet that the main school had a sum of Rs. 73,79,061 as funds available with it as on 31/03/2008 while the pre primary school and book shop had another Rs. 37,62,902. The total funds thus available with both the schools were to the tune of Rs. 1,11,41,963. The additional impact of the implementation of VI Pay Commission report was Rs. 1,26,93,162. Thus the school was in deficit to the tune of Rs. 15,51,199 which needed to be bridged by hiking the fee or by recovering arrear fee to that extent. However, the total additional revenue generated by the school by way of recovery of arrears and by

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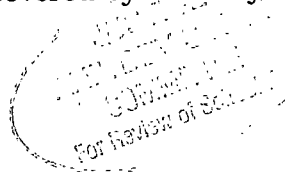
Secretary



Gyan Mandir Public School, Naraina Vihar, New Delhi-110028

hiking the fee as per order dated 11/02/2009 were to the tune of Rs. 83,42,511. Thus apparently, the school recovered a sum of **Rs. 67,91,312** in excess of its requirement for implementing the recommendations of VI Pay Commission. However, it is note worthy that upto this stage, the Committee has not taken into consideration the requirement of the school to keep sufficient funds in reserve for meeting any future contingency and for meeting its accrued liability on account leave encashment. The Committee has taken a consistent view that the entire funds available with the school ought not be considered as available for implementation of VI Pay Commission recommendations and the schools must keep sufficient funds in reserve for the aforesaid purposes. With regard to reserve for future contingency, the Committee has taken a view that a sum equivalent to four months salary ought to be kept for this purpose. The total expenditure on normal salary of the school for the year 2009-10 was Rs. 1,72,17,581. Based on this, four months' salary amounts to **Rs. 57,39,194**. Further, the school had an accrued liability of **Rs. 51,62,740** in respect of leave encashment. Therefore the total requirement of the school to keep funds in reserve was **Rs. 1,09,01,934**. As against this, the Committee has worked out a surplus of **Rs. 67,91,312**. In view of this position, the Committee is not inclined to recommend any refund of fee as it is of the view that the fee hiked by the school as well as the arrears recovered by it were justified.

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Gyan Mandir Public School, Naraina Vihar, New Delhi-110028**Development Fee:**

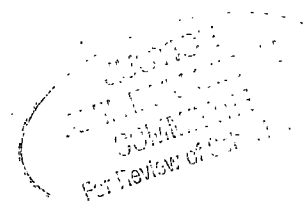
The school conceded during the course of hearing that it was treating development fee as a revenue receipt and utilising the same for the purpose of meeting revenue expenses. The Hon'ble Supreme Court in the case of Modern School vs. Union of India & ors (2004) 5 SCC 583, laid down certain pre conditions for the school who charge development fee and the first of such pre conditions which is required to be fulfilled is that the schools treat the development fee as a capital receipt and use it for purchase and upgradation of furniture & fixture and equipments. The school fails on the first pre condition itself. The order dated 11/02/2009 issued by the Director of Education also lays down similar stipulation with regard to charging of development fee.

In view of the above position, the school could not have charged any development fee and that charged by it in 2009-10 and 2010-11 which was in pursuance of the aforesaid order dated 11/02/2009 , is liable to be refunded to the students. The development fee charged by the school as per the information furnished by it was Rs. 16,86,227 in 2009-10 and Rs. 18,12,646 in 2010-11 for both the main school and the pre primary school. The aggregate amount of development fee that is liable to be refunded is Rs. 34,98,873. However, as noticed supra while discussing the issue of tuition fee, the school had a requirement of reserves to be kept to the tune of Rs. 1,09,01,934 against which it had only a sum of Rs. 67,91,312 available with it. In view of this position, the

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COMMITTEE
For Review of Schools

Gyan Mandir Public School, Naraina Vihar, New Delhi-110028

Committee refrains from making any recommendation of refund of development fee.

Recommendations:

In view of the foregoing discussion and determinations, the Committee is of the view that no intervention is required either with regard to charging of arrear fee or hiking regular fee or charging development fee in pursuance of order dated 11/02/2009 issued by the Director of Education.

Recommended accordingly.

Sd/-
CA J.S. Kochar
Member

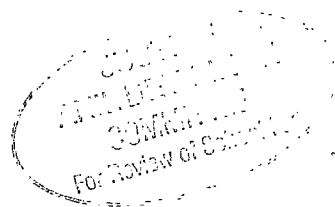
Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated: 12/08/2015

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Geeta Bal Bharti Sr. Sec. School, Rajgarh colony, Delhi-110031

In order to elicit the relevant information from the schools to arrive at proper conclusions with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school).

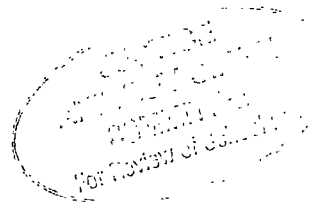
In response to the aforesaid questionnaire, the school, vide its letter dated 31/03/2012, stated as follows:

- (a) It had implemented the recommendations of Vith Pay Commission w.e.f. April 2009.
- (b) It had paid the arrears of salary for the period 01/01/2006 to 31/03/2009.
- (c) It had hiked the fee in pursuance of order dated 11/02/2009 issued by the Director of Education. As a result of hike in tuition fee, the total recovery of fee under this head rose from Rs. 1,61,34,233 in 2008-09 to Rs. 2,24,09,298 in 2009-10.
- (d) It had recovered arrear fee amounting to Rs. 25,82,560 in 2008-09 and Rs. 36,64,178 in 2009-10.

In the first instance, a calculation sheet was drawn up by the Chartered Accountants detailed with the Committee. They worked out that the school had ample funds of its own and did not need to hike the fee as per order dated 11/02/2009 in order to implement the recommendations of VI Pay Commission. However, on reviewing the same, the Committee observed that they had not provided for any

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Geeta Bal Bharti Sr. Sec. School, Rajgarh colony, Delhi-110031

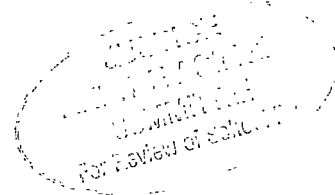
funds to be kept in reserve for meeting the accrued liabilities of the school on account of gratuity and leave encashment nor provided for any contingency reserve to be maintained by the school. Further the Committee noticed that the CAs had prepared the fund position as on 31/03/2009, which obviously included the funds generated after the fee hike. The Committee is of the view that the funds position ought to have been worked out on the basis of the balance sheet as on 31/03/2008 which was the latest audited balance sheet before the fee hike.

The Committee issued a notice dated 29/06/2015, requiring the school to furnish the aggregate figures of arrear fee for different periods, regular tuition fee for 2008-09, 2009-10 and 2010-11, arrear salary and regular salary for these years, duly reconciled with the audited Income & Expenditure Account. The school was also required to furnish bank statements highlighting payment of salaries, the statement of account of the trust/ society running the school as appearing in its books, details of accrued liabilities, gratuity and leave encashment. The school was also issued a questionnaire regarding development fee charged by it in order to elicit the relevant information as to whether the school was following the pre conditions laid down 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 hearing was fixed for 31/07/2015.

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Geeta Bal Bharti Sr. Sec. School, Rajgarh colony, Delhi-110031

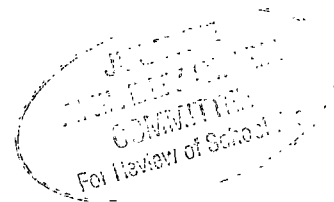
On this date Sh. Sushil Kumar Sharma, PGT Commerce appeared with Sh. Baksheesh Singh, Accountant. They furnished the information, as required by the Committee. They also filed a reply to the questionnaire of Development fee. It was contended that

- (a) The school paid a sum of Rs. 62,46,738 as arrear salary to the staff which was limited to the extent of collection of arrear fee from the students.
- (b) The school paid arrear salary as well as regular salary by direct bank transfer. (Copies of bank statements were furnished in evidence)
- (c) The school hiked the tuition fee as per order dated 11/02/2009 and also recovered the arrear fee in accordance with the said order.
- (d) The school had an accrued liability of Rs. 1,11,78,270 towards gratuity and Rs. 48,65,299 towards leave encashment (employee wise details of such liabilities were furnished).
- (e) The school was fulfilling all the parameters laid down by the Hon'ble Supreme Court in the case Modern School (supra) with regard to charging of development fee. Development fund and depreciation fund were represented by earmarked bank accounts and FDRs. (copies of the same were furnished).

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Geeta Bal Bharti Sr. Sec. School, Rajgarh colony, Delhi-110031

On the basis of the information emanating from the audited financials of the school, supplemented by information furnished by the school during the course of hearing, the Committee prepared the following calculation sheet:

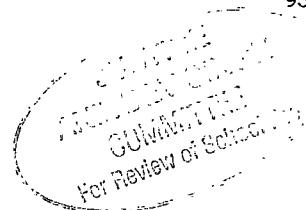
Statement showing Fund available as on 31.03.2008 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report			
	Particulars	Amount (Rs.)	Amount (Rs.)
	<u>Current Assets + Investments</u>		
	Cash in hand	27,074	
	Cash at Bank	1,245,315	
	FDRs with Banks	19,799,911	
	Fees Recoverable	45,030	
	Postage in Hand	2,592	
	Loan and advances	8,618	
	Prepaid Expenses	1,440	
	HSS Nyas (Advance Income Tax)	52,767	21,182,747
Less	<u>Current Liabilities</u>		
	Advance fees	431,628	
	Expenses Payable	1,372,115	
	Security Canteen	10,000	
	GBB Student Fund	18,737	
	GBB PTA Fund	650	
	Sundry Creditors	44,533	1,877,663
	Net Current Assets + Investments (Funds Available)		19,305,084
Less	Total Liabilities after implementation of VIth Pay Commission		
	Arrear of Salary as per VI th Pay Commission 1.1.06 to 31.3.09	6,246,738	
	Incremental Salary for 2009-10 (as per calculation given below)	9,152,609	15,399,347
	Excess / (Short) Fund Before Fee Hike		3,905,737
Add	Total Recovery after VI th Pay Commission		
	Recovery of Arrear tuition fee w.e.f 01.01.06 to 31.08.08	2,582,560	
	Recovery of Arrear tuition fee w.e.f 01.09.08 to 31.03.09	3,664,178	
	Incremental fee for 2009-10 (as per calculation given below)	6,275,065	12,521,803
	Excess / (Short) Fund After Fee Hike		16,427,540
Less	Reserves required to be maintained:		
	for future contingencies (equivalent to 4 months salary)	8,515,249	
	for Gratuity as on 31.03.2010	13,882,471	
	for Leave Encashment as on 31.03.2010	4,865,299	27,263,019
	Excess / (Short) Fund		(10,835,479)

Working Notes:

	2008-09	2009-10
Normal/ regular salary as per I & E A/c	15,598,081	24,753,820
School Contribution EPF	701,723	698,014
Administrative Charges (PF)	93,333	93,912

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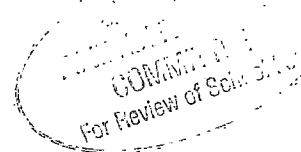


Geeta Bal Bharti Sr. Sec. School, Rajgarh colony, Delhi-110031

Total	16,393,137	25,545,746
Incremental salary in 2009-10	9,152,609	
	2008-09	2009-10
Regular Tuition fee as per I & E A/c	16,134,233	22,409,298
Incremental tuition fee in 2009-10	6,275,065	

As per the calculation sheet, it is apparent that the school had a sum of **Rs. 1,93,05,084** available with it as on 31/03/2008. However, the Committee has taken a view that the entire funds of amount available with the school ought not to be considered as available for implementation of VI Pay Commission and the school ought to retain sufficient funds to cover its accrued liabilities of gratuity and leave encashment besides maintaining a contingency reserve equivalent to four months salary. The requirement of the school to keep funds in reserve for these purposes was **Rs. 2,72,63,019**, meaning thereby that the school did not have any funds of its own which could be utilised for implementation of VI Pay Commission report. In fact, the school was having a shortfall of **Rs. 79,57,935**. The total financial impact of implementation of VI Pay Commission was **Rs. 1,53,99,347** while the additional revenue generated by the school by way of fee hike and recovery of arrear fee amounted to **Rs. 1,25,21,803**, resulting in a shortfall of **Rs. 28,77,544**. Thus the school was short on both counts. The school has not made any claim for being allowed any further fee hike. In view of this, the Committee is of the view that no intervention is called for so far as the recovery of arrear fee or hiking the tuition fee w.e.f. 01/04/2009 is concerned.

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Geeta Bai Bharti Sr. Sec. School, Rajgarh colony, Delhi-110031**Development Fee:**

The total development fee recovered by the school in the years 2009-10 and 2010-11 was Rs. 41,31,912. However, in view of the shortfall in funds available with the school for implementation of VI Pay Commission report, the Committee is not inclined to examine whether the school was fulfilling the pre conditions laid down by the Duggal Committee which were subsequently affirmed by the Hon'ble Supreme Court in the case of Modern School (supra).

Recommendations:

In view of the above discussion and determinations, the Committee is of the view that no intervention is called for either in the matter of recovery of arrear fee or in the matter of incremental tuition fee or in the matter of development fee.

Recommended accordingly.

Sd/-

CA J.S. Kochar
Member

Sd/-

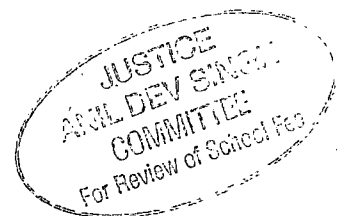
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Dated: 07/12/2015

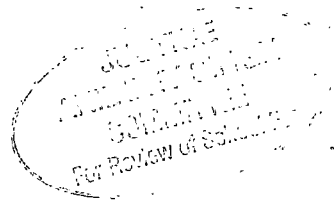
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1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the schools had implemented the recommendations of the Sixth Pay Commission and if so, whether or not the fee was hiked for the purpose 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.
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.
3. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.
4. By notice dated 06.04.2015, the school was asked to appear on 20.04.2015 along with entire accounting, fee and salary records for the years 2008-09 to 2010-11 in order to accord an opportunity of hearing to it.

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5. On 20.04.2015, Sh. Deepak, Office Asstt. of the school appeared before the committee and requested for an adjournment. At his request matter was adjourned.

6. With due notice to the school, the matter was taken up for hearing on 15.07.2015 in the presence of Sh. Deepak, Office Assistant and Sh. H.H. Naqvi, Account Executive of the school. It was contended by the representatives of the school that though the school hiked the tuition fee in 2009-10, in terms of the order of the Director of Education dated 11.02.2009, it did not recover any arrear fee from the students. It was pointed out that earlier for six years i.e. from 2002-03 to 2008-09 the school did not hike any fee. It was submitted that this fact be taken into consideration while examining the justifiability of fee hike in 2009-10. It was also stated by the school representatives that the school had never charged development fee.

Since the school was not carrying fee receipts, fee register, cash book and ledger for the relevant years, the school was asked to produce the same before the Audit Officer of the Committee on 22.07.2015 for verification.

7. On 22.07.2015, the school produced its fee record w.e.f. 2002-03 to 2008-09, which was examined by Mrs. Sunita Nautiyal, Audit Officer

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of the Committee, who reported that as per record the school did not increase the tuition fee during 2002-03 to 2008-09.

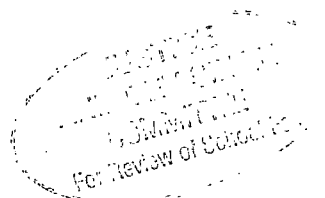
8. The following chart, which is culled out from the record would show the exact extent of hike in tuition fee during the years 2002-03 to 2010-11: -

Classes	Tuition Fee during 2002-03	Tuition Fee during 2003-04	Tuition Fee during 2004-05	Tuition Fee during 2005-06	Tuition Fee during 2006-07	Tuition Fee during 2007-08	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	540	540	540	540	540	540	540	740	200	840	100
VI to VIII	610	610	610	610	610	610	610	810	200	1000	190

9. From the above, it is manifest that the hike in tuition fee during the year 2009-10, was in terms of the order of the Director of Education dated 11.2.2009 and during 2010-11, there was hiked by more than 10% for all classes but as already noticed the tuition fee for six years from 2002-03 to 2008-09 remained static. If the hike in fee during 2009-10 and 2010-11 is spread over to years 2002-03 to 2010-11, then the average hike w.e.f. 2002-03 to 2010-11 comes within 10%.

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Manava Bhawna Public School, Nathupura, Delhi-110084 00055A

10. According to school it has implemented the recommendations of the 6th Pay Commission.

11. As per the record the school has not charged development fee.

RECOMMENDATION

Re. Fee Hike

Though, the school had hiked the tuition fee in 2009-10, it did not increase the fee from 2002-03 to 2008-09. Keeping in view the fact that there was no fee hike for six years preceding the increase in fee during the years 2009-10 and 2010-11, the Committee feels that no intervention is required qua the aspect of tuition fee.

Recommended accordingly.

Sd/-

**J.S. Kochar
Member**

Sd/-

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

Sd/-

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

Dated : 11.08.2015

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Secretary



D.S.K. Public School, Shiv Vihar, Phase-5, Delhi-94

1. With a view to elicit the relevant information from the schools with regard to the basic questions, whether or not the schools 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.
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.
3. On examination of the aforesaid returns by the Committee, it prima facie, appeared that the school had increased the fee in terms of the order of the Director of Education dated 11-02-2009 as well as implemented the recommendations of the sixth pay commission. In this view of the matter the school was placed in category 'B'.
4. By notice dated 29.04.2015, the school was asked to appear on 26.05.2015 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.

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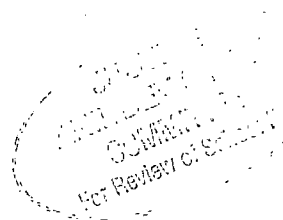
5. On 26.05.2015, Sh. Rama Kant Kaushik, Manager, Sh. D.K. Sharma, Member MC and Sh. Abhay Sharma, Accountant of the school appeared before the Committee and produced records. It was submitted by the representatives that the school implemented the recommendations of the Sixth Pay Commission w.e.f. 1.07.2009 without payment of arrears. The salary to the staff was paid in cash. On query by the Committee they stated that the school operates on a low fee base and as such the recommendations of the Sixth Pay Commission could not be fully implemented. They submitted that the school did not charge any development fee.

6. We have gone through the record and submissions made by the representatives on behalf 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 & V	300	375	75	450	75
VI to VIII	350	450	100	525	75

7. From the above, it is manifest that the school has increased the fee during the year 2009-10, in terms of the order of the Director of

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D.S.K. Public School, Shiv Vihar, Phase-5, Delhi-94 000557

Education dated 11.2.2009 for classes VI to VIII, but for classes I to V the hike was lower than the upper limit prescribed by the aforesaid order. The same time the hike for classes I to V was in excess of the tolerance limit of 10%. During 2010-11, there was also a hike in excess of 10% for all classes. The school is working on low fee base.

8. According to school it has implemented the recommendations of the 6th Pay Commission partially. The salary to the staff was paid in cash. Since the salary was being paid in cash, we are not convinced that the school had even partially implemented the recommendations of the 6th Pay Commission.

9. As per record the school has not charged development fee.

RECOMMENDATION**Re. Fee Hike**

Undoubtedly the school had hiked the tuition fee in 2009-10, but since the school is operating on low fee base, therefore the Committee feels that no intervention is required qua the aspect of tuition fee.

Recommended accordingly.

Sd/-

J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

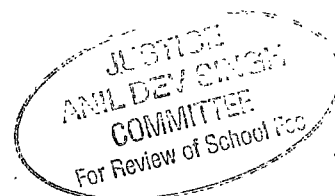
Dr. R.K. Sharma
Member

Dated : 01.08.2015

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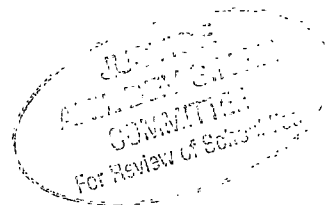
Convent of Jesus & Mary, Bangla Sahib Marg, New Delhi-110001

The school filed a representation before the Committee dated 04/02/2012, vide which it contended that the school fully implemented the recommendations of VI Pay Commission and paid full amount arrears to the employees for the period 01/01/2006 to 31/03/2009. The amount paid as arrears aggregated Rs. 207.32 lacs. Further, the school could have collected a sum of Rs. 63.00 lacs as arrear fee from the students for the period 01/01/2006 to 31/08/2008 in terms of para 7 of the order dated 11/02/2009 issued by the Director of Education and a further sum calculated @ Rs. 300 per month for the period 01/09/2008 to 31/03/2009. However, the school did not quantify as to how much this amount would have been. It further stated that compared to the additional burden on account of implementation of VI Pay Commission report, the school was in deficit, despite the fee hike effected by it and therefore denying the benefit of marginal fee hike which is much below the incremental expenditure on account of implementation of the recommendations of VI Pay Commission would tantamount to penalizing an institution for following a path of financial prudence and austerity.

While giving the representation to the Committee, the school also furnished copies of the annual returns filed by it under Rule 180 of Delhi School Education Rules 1973 for the years 2006-07 to 2010-11. Along with these returns, the school also furnished its statement

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Convent of Jesus & Mary, Bangla Sahib Marg, New Delhi-110001

of fees for these years. Based on this information, the school placed in Category 'B'.

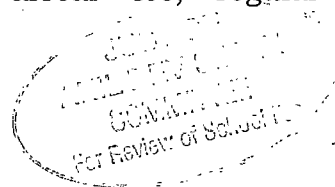
Preliminary examination of the financials of the school was carried out by the Chartered Accountants (CAs), who have been detailed with this Committee by the Directorate of Education. As per their calculations, the school had surplus funds to the tune of Rs. 6,82,65,085 after effecting the fee hike and implementing the recommendations of VI Pay Commission.

The Committee reviewed the calculations made by the CAs and found them to be de-hors the information submitted by the school. The amount which was taken to have been collected as arrear fee for the period 01/01/2006 to 31/08/2008 was Rs. 74,65,500. Further they took the figure of Rs. 44,79,300 as arrear fee collection for the period 01/09/2008 to 31/03/2009. The copy of circular issued to the parents did not talk of any arrear fee collection for the period 01/01/2006 to 31/08/2008. It merely demanded arrears for the period 01/09/2008 to 31/03/2009. The Committee also took note of the fact that while working out the surplus, the CAs had not taken into account any accrued liability of leave encashment and gratuity nor had they provided for a reasonable reserve to be maintained by the school.

The school was issued a notice dated 15/05/2015 requiring it to furnish the information regarding arrear fee, regular fee,

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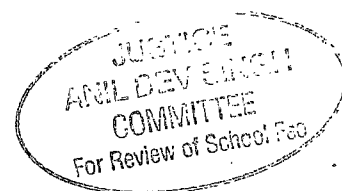
development fee, arrear salary, regular salary etc. in a structured format. Besides, the Committee also sought information regarding accrued liabilities of gratuity and leave encashment. The school was also issued a questionnaire requiring it to give specific replies to the relevant queries regarding the fee hike, salary hike, recovery and utilisation of development fee and maintenance of earmarked development and depreciation reserve funds.

The school submitted its reply vide letter dated 23/05/2015. In reply to the questionnaire, the school categorically stated that it had never charged any development fee. The school also furnished the other information asked for. However, in view of the recommendations being made by the Committee, it is not necessary to dwell upon the other figures furnished by the school.

A notice of hearing dated 26/10/2015 was issued to the school providing it with an opportunity of being heard on 10/11/2015. On this date, Ms. Arti Ahuja, Accountant and Ms. J.Jaya Rani, Office Assistant of the school appeared before the Committee. They emphasized the fact that prior to the fee hike in pursuance of order dated 11/02/2009, the school had not hiked any fee whatsoever in the years 2007-08 and 2008-09. They further stressed upon the fact that the school had never charged any development fee either in the past or in future, although in terms of the orders of the Directorate of Education, they could have charged the same @ 10% to 15% of tuition

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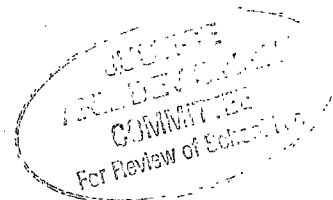
fee. It was also highlighted by them that the school recovered the arrears of tuition fee @ Rs. 300 per month for the period 01/09/2008 to 31/03/2009, which was in line with order issued by the Director of Education. However, the lump sum arrear fee for the 01/01/2006 to 31/08/2008, which the school could have charged @ Rs. 3,000 per students was not charged. In its stead, the school recovered arrear fee amounting to Rs. 1400 per student under the head 'Other charges'.

Discussion:-

The Committee has considered the representation filed by the school, the returns filed by it under Rule 180 of the Delhi School Education Rules, 1973, the reply to the questionnaire furnished by the school and the fee schedules filed by the school for the years 2005-06 to 2009-10.

At the outset, it would be apposite to tabulate herebelow, the fee charged by the school in different years from 2005-06 to 2009-10.

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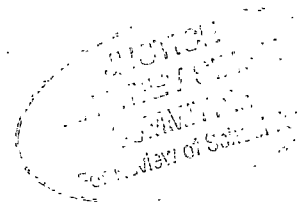
Class	2005-06 (Qtrly)		2006-07 (Qtrly)		2007-08 (Qtrly)		2008-09 (Qtrly)		2009-10 (Qtrly)	
	Tuition Fee	Other charges	Tuition Fee	Other charges	Tuition Fee	Other Charges	Tuition Fee	Other Charges	Tuition Fee	Other Charges
KG to V	3030	570	3330	570	3330	570	3330	570	4230	1170
VI to VIII	3120	600	3420	600	3420	600	3420	600	4320	1200
IX & X	3240	750	3540	750	3540	750	3540	750	4440	1350
XI & XII	3420	810	3720	810	3720	810	3720	810	4620	1410

A perusal of the above table would show that in 2006-07, the school did hike its tuition fee by Rs. 300 per quarter (Rs. 100 per month). However, it did not hike any fee under the head other charges. So the overall hike in fee was just Rs. 100 per month which was well below 10%. In 2007-08 and 2008-09, however, there was absolutely no fee hike under any head. The Committee has taken a view that the fee hike in 2009-10 pursuant to order dated 11/02/2009, ought not be viewed in isolation and if the schools have not hiked any fee in the prior years, the hike in 2009-10 ought to be spread over the years in which the school did not hike any fee.

Now let us consider as to how much was the hike in 2009-10, as compared to the fee charged in 2008-09. The following table is illustrative of this fact:

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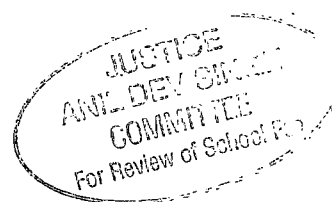
Convent of Jesus & Mary, Bangla Sahib Marg, New Delhi-110001

Class	2008-09 (Qtrly)			2009-10 (Qtrly)			Hike in total fee in 2009-10 (Qtrly)	
	Tuition Fee	Other Charges	Total	Tuition Fee	Other Charges	Total	Rs.	%age
KG to V	3330	570	3900	4230	1170	5400	1500	38.46%
VI to VIII	3420	600	4020	4320	1200	5520	1500	37.31%
IX & X	3540	750	4290	4440	1350	5790	1500	34.96%
XI & XII	3720	810	4530	4620	1410	6030	1500	33.11%

Thus the average fee hike effected by the school in 2009-10 was about 35%. If a part of this hike is spread over the years 2007-08 and 2008-09 when the school did not hike any fee whatsoever, it would appear that the fee hike effected by the school was around 10% per annum, considering that the fee hike that might have been effected in the earlier years, would also qualify for a hike of 10%. The Committee has been taking a consistent view that irrespective of whether the schools have implemented the VI Pay Commission report or not, a hike in 10% in fee would be in order to account for the inflationary pressures. However, this school stands on a better footing in as much as it has fully implemented the recommendations of the VI Pay Commission while restricting the overall hike to 10%, when spread over as indicated above.

So far as the recovery of arrear fee is concerned, the Committee notes that although the school could have recovered lump sum

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Convent of Jesus & Mary, Bangla Sahib Marg, New Delhi-110001

arrears @ Rs. 3000 per student, it restricted the recovery to Rs. 1400 per student. The rest of the amount was drawn from the parent society as is apparent from the copy of the minutes of the school managing committee meeting held on 26/02/2009, a copy whereof has been filed by the representatives of the school.

The Committee also notes that the school has never charged any development fee although it could have legitimately charged the same.

Recommendations:

In view of the foregoing discussion, the Committee is of the view that no intervention is required so far as the fee hike effected by the school in pursuance of order dated 11/02/2009 issued by the Director of Education is concerned.

Sd/-

Dr. R.K. Sharma
Member

Sd/-

CA J.S. Kochar
Member

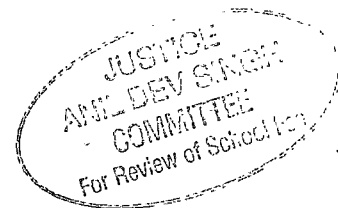
Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 26/11/2015

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The school had not furnished any reply to the questionnaire dated 27/02/2012 issued by the Committee, which was followed by a reminder dated 27/03/2012. The Committee requisitioned the annual returns filed by the school for the years 2006-07 to 2010-11, from the office of the concerned Dy. Director of Education. On prima facie examination of the annual returns, it appeared that the school had hiked the fee in accordance with order dated 11/02/2009 issued by the Director of Education and had also implemented the recommendations of the VI Pay Commission. Accordingly, the school was placed in Category 'B' for the purpose of verification.

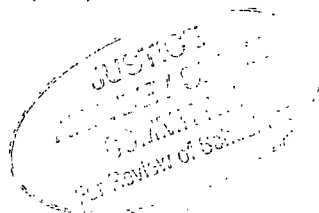
As the school had not responded to the questionnaire issued to it, the Committee, vide letter dated 10/01/2014, required the school to furnish reply to a revised questionnaire which was devised by the Committee to include the relevant questions regarding receipt and utilisation of development fee and maintenance of earmarked development and depreciation reserve funds. The school submitted its reply vide letter dated 16/01/2014. As per the reply submitted by the school:

- (a) The school implemented the recommendations of VI Pay Commission w.e.f. 01/03/2009. It paid arrears of salary on account of retrospective application of the recommendations of the VI Pay Commission for the period 01/01/2006 to 31/08/2008 and 01/09/2008 to 28/02/2009.

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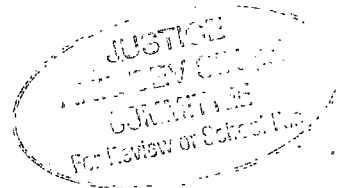


- (b) The school had hiked the fee of the students as per order dated 11/02/2009, issued by the Director of Education, w.e.f. 01/09/2008 and also recovered lump sum arrears for the period 01/01/2006 to 31/08/2008 as envisaged in the order. A copy of the circular issued to the parents was enclosed. In the detail of recovery of arrear fee furnished by the school, it was mentioned that a sum of Rs. 6,54,033 was recovered as arrears.
- (c) The school collected development fee in all the five years for which the information was sought. For the year 2009-10, a sum of **Rs. 1,26,660** was recovered while for the year 2010-11, the collection on this account was **Rs. 1,32,450**.
- (d) The development fee was treated as a revenue receipt in the accounts and as per the details of its utilisation filed by the school, the same was spent on incurring revenue expenses. No earmarked fund accounts were maintained for development fee and depreciation reserve.

In order to facilitate the calculations of the justifiable amount of fee hike, the Committee issued a notice dated 22/05/2015 to the school requiring it to furnish the relevant information regarding fee and salary (including arrear fee and salary) for the years 2008-09 to 2010-11, duly reconciled with the audited Income & Expenditure Accounts of the school, in a structured format. The school, vide its letter dated 04/06/2015, submitted the required information. It also furnished copies of bank statements evidencing payment of arrear salary by the

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Saraswati Bal Mandir, Jhandewalan, New Delhi-110055

school. With regard to accrued liabilities of gratuity and leave encashment, a note was submitted explaining the process of payment of these dues at the time of retirement. It was explained in the note that Samarth Shiksha Samiti, parent Society of the school has taken a group gratuity policy from Life Insurance Corporation of India and the staff is paid gratuity by withdrawing the fund from LIC at the time of retirement. All the schools of the Society pay premium to the Society for payment to LIC on yearly basis. With regard to leave encashment, it was stated that the same is paid by the respective schools. However, no details of accrued liability of leave encashment were furnished by the school despite directions to this effect in the notice dated 22/05/2015.

Notice of hearing was issued on 22/07/2015 affording the school an opportunity of being heard on 08/08/2015 to justify the fee hike effected by it. On this date, Sh. R.P. Arora, Principal of the school appeared with Sh. Vijay, UDC. They were heard by the Committee. It was contended that the school distributed almost the entire amount of the arrear fee collected by it for payment of arrear salary. The fee hike effected by the school was necessary as the school did not have sufficient funds of its own and had to borrow funds from its parent Society.

Discussion and Determination:

Tuition Fee

The Committee has examined the details filed by the school as also the figures of arrear fee, arrear salary, regular fee and regular salary

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(both pre hike and post hike), the reply to the questionnaire issued by the Committee and the submissions made by the representatives of the school during the course of hearing. The information furnished by the school has also been checked with reference to the audited financials of the school, which are found to be credible.

In order to ascertain the funds available with the school at the threshold as on 31/03/2008, and the additional resources generated by the school as a result of fee hike and collection of arrear fee and the additional liabilities incurred by the school on account of implementation of VI Pay Commission report, the Committee has prepared the following calculation sheet:

Statement showing Fund available as on 31-03-2008 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report			
	Particulars	Amount (Rs.)	Amount (Rs.)
	<u>Current Assets</u>		
	Cash in hand	-	
	Bank Balance	325,695	
	Fixed Deposits with accrued interest	273,485	
	TDS	944	
	Fees Receivable	1,100	601,224
Less	<u>Current Liabilities</u>		
	Advance fee received	50,950	
	Audit Fee Payable	11,230	62,180
	Net Current Assets		539,044
Less	Arrear of Salary as per 6th CPC w.e.f. 01.01.06 to 31.08.08	537,006	
	Arrear of Salary as per 6th CPC from 01.09.08 to 31.03.09	414,868	
	Incremental Salary in 2009-10 (as per calculation given below)	2,073,809	3,025,683
	Excess / (Short) Fund Before Fee Hike		(2,486,639)
Add:	Arrear of Tuition fee for the period from 01.01.06 to 31.08.08	383,100	
	Arrear of Tuition fee for the period from 01.09.08 to 31.03.09	579,616	
	Incremental fee in 2009-10 (as per calculation given below)	822,900	1,785,616
	Excess / (Short) Fund After Fee Hike		(701,023)

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Saraswati Bal Mandir, Jhandewalan, New Delhi-110055**Development fee refundable having been treated as a revenue receipt:**

2009-10	126,660
2010-11	132,450
Total	259,110
Less: Shortfall in tuition fee	(701,023)
	(441,913)

Working Notes:

	2008-09	2009-10
Salary as per Income & Expenditure Account	3,773,803	5,847,612
Incremental Salary in 2009-10 as per I & E A/c	2,073,809	
	2008-09	2009-10
Tuition Fee as per Income & Expenditure Account	3,598,850	4,421,750
Incremental Tuition Fee in 2009-10 as per I & E A/c	822,900	

It is apparent from the above calculation sheet that the school had incurred a shortfall of Rs. 7,01,023 on implementation of the recommendations of VI Pay Commission, despite recovery of arrear fee and hike in the regular tuition fee. This position obtains when we have not factored in even the requirement of the school to keep funds in reserve for future contingencies.

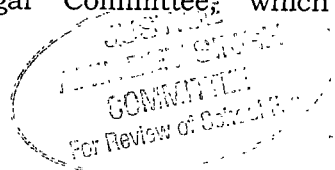
In this view of the matter, the Committee is of the opinion that no intervention is called for in the matter of recovery of arrear fee or hike in tuition fee effected by the school in terms of order dated 11/02/2009 issued by the Director of Education.

Development Fee:

The school has conceded in its reply to the questionnaire as well as in the statement of fee and salary filed subsequently that it was treating development fee as a revenue receipt and the same was also being utilised for the purpose of meeting the routine revenue expenses. Thus the basic pre conditions prescribed by the Duggal Committee, which were

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Saraswati Bal Mandir, Jhandewalan, New Delhi-110055

subsequently affirmed by the Hon'ble Supreme Court in the case of Modern School Vs. Union of India (2004) 5 SCC 583 were not being fulfilled by the school. As per the information furnished by the school as also the audited financials of the school, the school recovered a sum of **Rs. 2,59,110** as development fee in 2009-10 and 2010-11. This was recovered in pursuant to order dated 11/02/2009 issued by the Director of Education. However, the Committee is not inclined to recommend refund of this amount in view of the shortfall of Rs. 7,01,023, incurred by the school on implementation of VI Pay Commission report.

Recommendations:

The Committee is of the view that no intervention is required in the matter of recovery of arrear fee, hike in regular fee w.e.f. 01/09/2008 and charging of development fee in 2009-10 and 2010-11.

Sd/-

CA J.S. Kochar
Member

Sd/-


Justice Anil Dev Singh (Retd.)
Chairperson

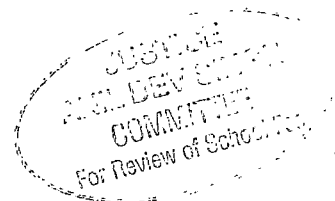
Sd/-

Dr. R.K. Sharma
Member

Dated: 19/10/2015

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Secretary



Saraswati Bal Mandir, Paschim Vihar, New Delhi-110063

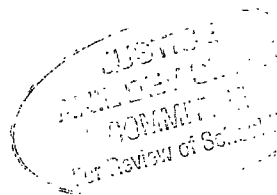
The school had not furnished any reply to the questionnaire dated 27/02/2012 issued by the Committee, which was followed by a reminder dated 27/03/2012. The Committee requisitioned the annual returns filed by the school for the years 2006-07 to 2010-11, from the office of the concerned Dy. Director of Education. On prima facie examination of the annual returns, it appeared that the school had hiked the fee in accordance with order dated 11/02/2009 issued by the Director of Education and had also implemented the recommendations of the VI Pay Commission. Accordingly, the school was placed in Category 'B' for the purpose of verification.

As the school had not responded to the questionnaire issued to it, the Committee, vide email dated 29/07/2013, 30/07/2013, 20/09/2013 and 30/09/2013, required the school to furnish reply to a revised questionnaire which was devised by the Committee to include the relevant questions regarding receipt and utilisation of development fee and maintenance of earmarked development and depreciation reserve funds. The school finally submitted its reply vide letter dated 5/10/2013. As per the reply submitted by the school:

- (a) The school implemented the recommendations of VI Pay Commission w.e.f. 01/03/2009. It paid arrears of salary on account of retrospective application of the recommendations of the VI Pay Commission for the period 01/01/2006 to 31/08/2008 and 01/09/2008 to 28/02/2009.

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- (b) The school had hiked the fee of the students as per order dated 11/02/2009, issued by the Director of Education, w.e.f. 01/09/2008 and also recovered lump sum arrears for the period 01/01/2006 to 31/08/2008 as envisaged in the order. A copy of the circular issued to the parents was enclosed. However, in the detail of recovery of arrear fee furnished by the school, it was mentioned that only a sum of Rs. 1,46,500 was recovered as arrears for the period 01/09/2008 to 31/03/2009 while no lump sum arrears were recovered.
- (c) The school collected development fee in all the five years for which the information was sought. For the year 2009-10, a sum of **Rs. 1,99,050** was recovered while for the year 2010-11, the collection on this account was **Rs. 3,54,150**.
- (d) The development fee was treated as a revenue receipt in the accounts and as per the details of its utilisation filed by the school, the same was spent on incurring revenue expenses. No earmarked fund accounts were maintained for development fee and depreciation reserve.

As the information furnished by the school was not in a structured format, in order to facilitate the calculations of the justifiable amount of fee hike, the Committee issued a notice dated 25/05/2015 to the school requiring it to furnish the relevant information regarding fee and salary (including arrear fee and salary) for the years 2008-09 to 2010-11, duly reconciled with the audited Income & Expenditure Accounts of the

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Saraswati Bal Mandir, Paschim Vihar, New Delhi-110063

school, in a structured format. However, the school did not respond to this notice. A notice of hearing dated 22/07/2015, was then issued to the school for hearing on 08/08/2015. On this date, Ms. Jyotsana, Vice Principal, Ms. Mithlesh Kashyap, Manager and Sh. Satya Prakash Girdhar, UDC of the School appeared but did not produce any books of accounts or fee or salary records for verification by the Committee, despite clear directions in the notice of hearing. They sought some more time and as per their request, they were directed to produce the aforesaid records before the audit officer of the Committee on 24/08/2015. The audit officer was directed to examine the records in the first instance.

On 24/08/2015, Sh. Satya Prakash Girdhar and Sh. Lekh Raj, UDCs of the school appeared before the audit officer and produced the records for verification. They also submitted the information in the structured format as was required by the Committee. Details of accrued liability of leave encashment were not furnished but the representatives of the school undertook to furnish the same within one week.

The audit officer after examining the records of the school observed that the school was charging fee in accordance with the fee structures submitted as part of its annual returns. The school had increased its tuition fee by 200 per month per student in 2009-10 which was in line with the order dated 11/02/2009 issued by the Director of Education. The development fee was being charged @ 5% of tuition fee upto 2008-09 but was hiked to 13% of tuition fee in 2009-10. The school recovered a total sum of **Rs. 1,46,500** as arrear fee. The school paid arrears of salary

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in two installments amounting to **Rs. 2,06,385** in 2009-10 and **Rs. 2,22,034** in 2010-11. All the payments were made through direct bank transfer. The regular salary was also being paid through direct bank transfer. TDS returns for the years 2009-10 and 2010-11 were filed by the school which showed proper deduction of tax.

Vide letter dated 28/08/2015, the school also furnished the detail of its accrued liability for leave encashment which amounted to **Rs. 5,55,335** as on 31/03/2010. Although the school also submitted a statement of accrued liability of gratuity, the same is of no relevance as the Committee in the case of other schools run by Samarth Shiksha Samiti, has been informed that all the staff deployed in the schools are employees of the Samiti and the liabilities of gratuity are met directly by the Samiti which has taken a group gratuity policy for all its employees. The schools make annual contribution for premium of this policy in respect of the staff deployed with them. The Committee has, on examination of the audited financials of the school observed that this school is also making annual payment towards group gratuity policy.

Discussion and Determination:

Tuition Fee

The Committee examined the details filed by the school as also the figures of arrear fee, arrear salary, regular fee and regular salary (both pre hike and post hike), the reply to the questionnaire issued by the Committee and the observations of the audit officer. The information

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furnished by the school has also been checked with reference to the audited financials of the school, which are found to be credible.

In order to ascertain the funds available with the school at the threshold as on 31/03/2008, and the additional resources generated by the school as a result of fee hike and collection of arrear fee and the additional liabilities incurred by the school on account of implementation of VI Pay Commission report, the Committee has prepared the following calculation sheet:

Statement showing Fund available as on 31-03-2008 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report			
	Particulars	Amount (Rs.)	Amount (Rs.)
	<u>Current Assets + Investments</u>		
	Bank Overdraft	(17,287)	
	Bank Balance	971	
	Fixed Deposits with Accrued interest	396,801	
	TDS	1,349	
	Fees Receivable	2,140	383,974
Less	<u>Current Liabilities</u>		
	Audit Fees payable	11,230	
	Sundry Creditors	252,281	
	Advance Fee	22,915	286,426
	Net Current Assets + Investments		97,548
	Additional Liabilities after Vith Pay Commission		
Less	Arrear of Salary paid as per VI th Pay Commission paid	428,419	
	Incremental Salary in 2009-10	793,429	1,221,848
	Excess / (Short) Fund Before Fee Hike		(1,124,300)
Add	Total Recovery after VI th Pay Commission		
	Recovery of Arrears of tuition fee for implementation of 6th CPC	146,500	
	Incremental Tuition Fee in 2009-10	290,570	437,070
	Excess / (Short) Fund After Fee Hike		(687,230)

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Saraswati Bal Mandir, Paschim Vihar, New Delhi-110063**Development fee refundable having been treated as a revenue receipt:**

2009-10	199,050
2010-11	354,150
Total	553,200
Less: Shortfall in tuition fee	(687,230)
	(134,030)

Working Notes:

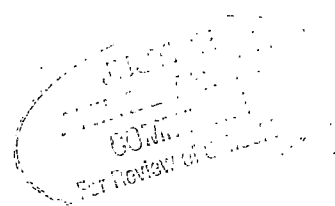
	2008-09	2009-10
Normal/ regular salary	1,934,851	2,728,280
Incremental salary in 2009-10	793,429	
	2008-09	2009-10
Normal/ Regular Tuition fee	991,820	1,282,390
Incremental tuition fee in 2009-10	290,570	

It is apparent from the above calculation sheet that the school had incurred a shortfall of Rs. 6,87,230 on implementation of the recommendations of VI Pay Commission, despite recovery of arrear fee and hiking the regular tuition fee. This position obtains when we have not factored in even the requirement of the school to keep funds in reserve for future contingencies and for meeting its accrued liability of leave encashment.

In this view of the matter, the Committee is of the opinion that no intervention is called for in the matter of recovery of arrear fee or hike in tuition fee effected by the school in terms of order dated 11/02/2009 issued by the Director of Education.

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Saraswati Bal Mandir, Paschim Vihar, New Delhi-110063**Development Fee:**

The school has conceded in its reply to the questionnaire as well as in the statement of fee and salary filed subsequently before the audit officer that it was treating development fee as a revenue receipt and the same was also being utilised for the purpose of meeting the routine revenue expenses. Thus the basic pre conditions prescribed by the Duggal Committee, which were subsequently affirmed by the Hon'ble Supreme Court in the case of Modern School Vs. Union of India (2004) 5 SCC 583 were not being fulfilled by the school. However, the Committee is not inclined to recommend refund of the development fee amounting to Rs. 5,53,200 charged for the years 2009-10 and 2010-11 in pursuance of order dated 11/02/2009 issued by the Director of Education in view of the shortfall of Rs. 6,87,230, incurred by the school on implementation of VI Pay Commission report.

Recommendations:

The Committee is of the view that no intervention is required in the matter of recovery of arrear fee, hike in regular fee w.e.f. 01/09/2008 and charging of development fee in 2009-10 and 2010-11.

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

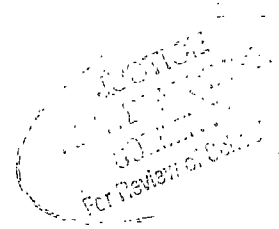
Sd/-

Dr. R.K. Sharma
Member

Dated: 17/10/2015

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Apex Public School (Sr. Secondary), Sant Nagar, Burari, Delhi-110084

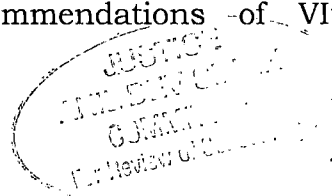
In order to elicit the relevant information from the schools to arrive at proper conclusions with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school). This was followed by a reminder dated 27/03/2012. However, the school did not file its reply. In the mean time, copies of its audited financials for the years 2006-07 to 2010-11 were received through the office of the concerned Dy. Director of Education. In order to verify the veracity of the audited financials and to examine the justifiability of the fee hiked by the school, pursuant to order dated 11/02/2009, the Committee issued notice dated 26/08/2013 to the school to produce before its audit officer on 26/09/2013, its annual returns filed under Rule 180 of Delhi School Education Rules, 1973, fee structures, books of accounts, bank statements, salary and fee records, provident fund and TDS returns for the years 2008-09 to 2010-11. A revised questionnaire was also issued to the school requiring it to give specific replies to the relevant questions regarding charging of development fee and maintenance of development and depreciation reserve funds.

On the aforesaid date, Sh. Narender Pal Sharma, Accountant of the school appeared and produced the required records. He also filed reply to the revised questionnaire issued by the Committee. As per the reply, the school stated as follows:

- (a) It had implemented the recommendations of Vith Pay Commission w.e.f. 01/04/2009.

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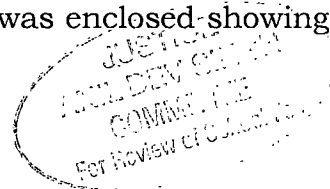
Apex Public School (Sr. Secondary), Sant Nagar, Burari, Delhi-110084

- (b) Partial arrears of salary had been paid to the staff (this reply was modified during the course of verification to the effect that a sum of Rs. 15,89,406 was paid in 2009-10 and 2010-11 as arrears arising on account of the recommendations of V Pay Commission. A note was appended to say that arrears pertaining to VI Pay Commission were paid in the financial years 2012-13 and 2013-14).
- (c) It had hiked the fee in pursuance of order dated 11/02/2009 issued by the Director of Education w.e.f. 01/04/2009. However, no arrears of fee were charged from the students.
- (d) The school charged development fee only at the time of admission (a statement was enclosed by way of annexure showing recovery of development fee for the years 2006-07 to 2010-11. This included a sum of Rs. 14,10,690 for the year 2009-10 and Rs. 7,85,590 for 2010-11. This also carried a note saying that development fee received during all the years was treated as a revenue receipt and accordingly utilised towards general expenses in the respective years).
- (e) No earmarked development fund and depreciation reserve fund were maintained.

Along with the reply, the school filed a copy of the pay bill for the month of March 2009 showing total outgo on salary to be Rs. 9,74,078 and that for the month of April 2009 showing the increased outgo on salary to be Rs. 13,96,230. Another annexure was enclosed showing the

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pre implementation fee as well as post implementation fee and as per this annexure, the monthly fee of the students of classes I to X was increased by Rs. 300 while that for classes XI & XII was increased by Rs. 400.

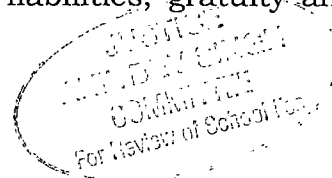
The records produced by the school were verified by Sh. A. D. Bhateja, audit officer of the Committee and he observed as follows:

- (a) The school implemented the recommendations of the VI Pay Commission w.e.f. 01/04/2009. The salary was paid by account payee cheques during all the three years for which the records were examined. The school had made proper deductions for PF and TDS and copies of the returns filed with the relevant authorities were examined and placed on record.
- (b) The tuition fee charged by the school was in accord with the fee structures and the same was hiked by Rs. 300 per month for classes I to X and by Rs. 400 per month for classes XI & XII.

The Committee issued a notice dated 05/12/2014 fixing the hearing of the school on 29/12/2014 and also required the school to furnish the aggregate figures of arrear fee for different periods, regular tuition fee for 2008-09, 2009-10 and 2010-11, arrear salary and regular salary for these years, duly reconciled with the audited Income & Expenditure Account, in a structured format. The school was also required to furnish bank statements highlighting payment of salaries, the statement of account of the trust/ society running the school as appearing in its books, details of accrued liabilities, gratuity and leave encashment.

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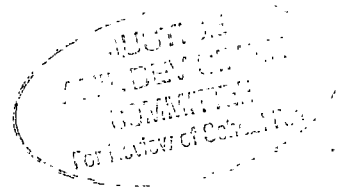
**Apex Public School (Sr. Secondary), Sant Nagar, Burari, Delhi-
110084**

On this date, Sh. Narender Pal Sharma, Accountant and authorized representative of the school appeared. He furnished the information, as was required by the Committee. The Committee observed that the information regarding payment of arrear salary in the financial year 2009-10 and 2010-11, as furnished by the school, was in respect of the arrears of V Pay Commission and not the VI Pay Commission and this had no relevance to the issue examined by the Committee. The school thereupon furnished information with regard to arrears of VI Pay Commission and stated that a sum of **Rs. 21,30,889** was paid in financial year 2012-13 and **Rs. 25,06,752** in 2013-14. The school also produced copies of the bank statements showing these payments. As the annual returns of the school for the years 2012-13 and 2013-14 were not before the Committee nor had the school been asked to produce these documents, the school was required to file these documents for the years 2012-13 and 2013-14 and also to produce its books of accounts, fee records and salary records for these years to verify the payment of arrears, as claimed by the school and also to verify whether the school had recovered any additional fee in these years for the purpose of payment of arrears.

The school produced these documents on 25/02/2015 before the audit officer of the Committee and after verifying from the books of accounts and fee records, she recorded that the fee hike effected by the school in 2011-12 was approximately 10% for all the classes, and in

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**Apex Public School (Sr. Secondary), Sant Nagar, Burari, Delhi-
110084**


2012-14, the hike ranged between 13% and 15%. Further in 2013-14 and in 2014-15, the hike in fee was just about 10%.

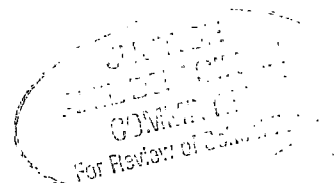
She also recorded that the school was paying salary through direct bank transfers or through account payee cheques and the arrears of **Rs. 46,37,651** had also been paid likewise except to the tune of Rs. 5,58,146 which had been paid in cash. She also recorded that the school had paid a further sum of **Rs. 29,56,804** on account of arrear salary in the year of 2014-15 and except a sum of Rs. 3,68,550 which was paid in cash, the entire amount had been paid by bank transfer/account payee cheques.

The school vide another letter filed on 22/06/2015, in the office of the Committee stated that it had no liabilities on account of gratuity or leave encashment.

Keeping in view the peculiar situation in this case, the Committee directed its audit officer to prepare the calculation sheet by taking into account the additional revenue generated by way of fee hikes in all the years upto 2013-14 and the additional expenditure on salary upto that year. She prepared the following calculation sheet:

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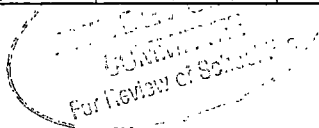


**Apex Public School (Sr. Secondary), Sant Nagar, Burari, Delhi-
110084**

Statement showing Fund available as on 31.03.2009 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report			
	Particulars		Amount (Rs.)
	<u>Current Assets + Investments</u>		
	Cash in hand	9,703	
	Bank Balance	1,123,528	
	Advance to Staff	62,000	
	FDRs	149,115	1,344,346
Less	<u>Current Liabilities</u>		
	Sundry Creditors	604,205	
	Advance fee	946,280	1,550,485
	Net Current Assets + Investments (Funds Available)		
	Total Liabilities after implementation of VIth Pay Commission		
Less	Arrear of salary as per 6th CPC paid in 2012-13	2,130,899	
	Arrear of salary as per 6th CPC paid in 2013-14	2,506,752	
	Increase in salary in 2009-10	5,424,656	
	Increase in salary in 2010-11	2,622,416	
	Increase in salary in 2011-12	1,956,080	
	Increase in salary in 2012-13	3,834,061	
	Increase in salary in 2013-14	4,933,449	23,408,313
	Excess / (Short) Fund Before Fee Hike		(23,408,313)
Add	Total Recovery after VI th Pay Commission		
	Recovery of arrear fee for implementation of 6th CPC Report	-	
	Increase in Tuition fee in 2009-10	3,785,430	
	Increase in Tuition fee in 2010-11	4,937,120	
	Increase in Tuition fee in 2011-12	1,011,285	
	Increase in Tuition fee in 2012-13	6,809,670	
	Increase in Tuition fee in 2013-14	11,371,625	27,915,130
	Excess / (Short) Fund After Fee Hike		4,506,817

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**Apex Public School (Sr. Secondary), Sant Nagar, Burari, Delhi-
110084**

**Development fee refundable having been
treated as a revenue receipt**

For the year 2009-10.	1,410,690
For the year 2010-11	785,590
For the year 2011-12	1,569,150
For the year 2012-13	1,771,400
For the year 2013-14	2,500,100
Total	8,036,930

Working Notes:

**Increase in Salary as per Income &
expenditure account**

Salary in	Amount	Increase over last year
2008-09.	12,595,681	
2009-10	18,020,337	5,424,656
2010-11	20,642,753	2,622,416
2011-12	22,598,833	1,956,080
2012-13	26,432,894	3,834,061
2013-14	31,366,343	4,933,449

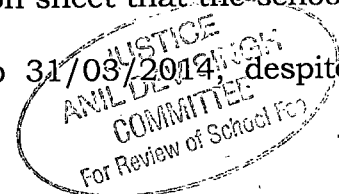
**Increase in Tuition fee as per Income &
expenditure account**

Tuition fee in	Amount	Increase over last year
2008-09	14,572,525	
2009-10	18,357,955	3,785,430
2010-11	23,295,075	4,937,120
2011-12	24,306,360	1,011,285
2012-13	31,116,030	6,809,670
2013-14	42,487,655	11,371,625

It is obvious as per the above calculation sheet that the school had generated a surplus of Rs. 45,06,817 upto 31/03/2014, despite not

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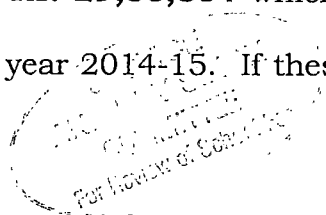
**Apex Public School (Sr. Secondary), Sant Nagar, Burari, Delhi-
110084**

recovering the arrear fee from the students for the purpose of payment of arrear salaries. It is also obvious that a sum of Rs. 80,36,930 was charged as development fee which was treated as a revenue receipt and as per the admission of the school, was used for routine general expenses and not for purchase of furniture and fixture or equipments for which development fee is meant to be used. Further, admittedly the school was not maintaining any earmarked accounts for development fund and depreciation reserve fund. As such this development fee was also liable to be refunded. Therefore, whether the school should be required to refund the aforesaid sum of **Rs. 1,25,43,747** (45,06,817 + 80,36,930) is the moot question that is to be considered. Three things that need to be considered at this stage is that firstly, the calculation sheet as above does not factor in the requirement of the school to keep funds in reserve for future contingencies. Secondly, the fact that the school paid a further sum of Rs. 29,56,804 in the year 2014-15 on account of arrears can not be ignored. Thirdly, whether the school can be penalized for paying the arrears out of the surpluses generated out of its regular fee for the years subsequent to 2009-10 on account of increase in its student strength.

The Committee is of the view that the school is entitled to keep in reserve an amount of **Rs. 1,04,55,448** being four months salary, based on its annual salary of Rs. 3,13,66,343 for the year 2013-14 if the revenues for the years subsequent to 2009-10 are to be factored in. Further, due credit has to be given for **Rs. 29,56,804** which the school paid on account of arrear salary in the year 2014-15. If these two sums

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are factored in, the result would be that the school does not have to refund any amount either on account of tuition fee or on account of development fee.

Recommendations:

In view of the foregoing discussion and determinations, the Committee recommends no intervention in the matter of fee hiked by the school in terms of order dated 11/02/2009 issued by the Director of Education or recovered by the school in subsequent years or the development fee charged by the school and treated as a revenue receipt.

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

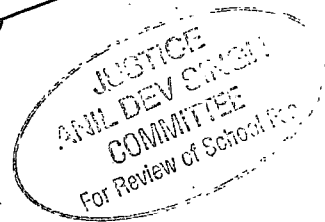
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Dr. R.K. Sharma
Member

Dated: 09/09/2015

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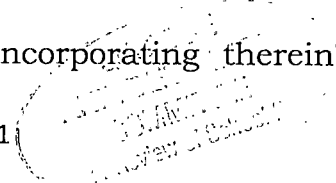


L.K. International School, Auchandi Road, Bawana, Delhi-110039

In order to elicit the relevant information from the schools to arrive at proper conclusions with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school). This was followed by a reminder dated 27/03/2012. However, the school did not respond to the questionnaire. In the mean time, copies of the annual returns filed by the school for the years 2006-07 to 2010-11 were received from the office of the concerned Dy. Director of Education. Although the school in a communication dated 16/02/2012 to the Education Officer, stated that the school has implemented the recommendations of VI Pay Commission, *"the school has not increased the fee of the students because the school is situated in rural area and parents of our students are not financially well off"*, the fee schedules filed by the school for the years 2008-09 and 2009-10 showed that the school had increased the fee in terms of order dated 11/02/2009 issued by the Director of Education. Accordingly, the school was placed in category 'B' for the purpose of verification.

In order to verify the veracity of the annual returns filed by the school, the Committee issued a notice dated 23/08/2013 to the school to produce its books of accounts, fee and salary records and copies of PF and TDS returns for the years 2008-09 to 2010-11, before the audit officer of the Committee on 11/09/2013. A revised questionnaire was also issued, incorporating therein, besides the

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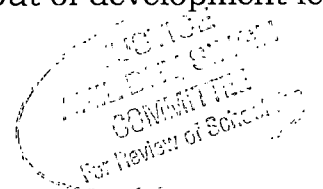
L.K. International School, Auchandi Road, Bawana, Delhi-110039

queries with regard to the hike in fee and salary consequent to implementation of VI Pay Commission report, the relevant queries with regard to charging of development fee and maintenance of earmarked accounts for development fund and depreciation reserve fund.

On the date fixed for verification, Sh. Lalit Kumar, Manager of the school and Sh. Suraj Prasad, an LDC appeared and produced the required records before the audit officer of the Committee. They also filed reply to the revised questionnaire. As per the reply, the school stated as follows:

- (a) It had implemented the recommendations of VIth Pay Commission w.e.f. 01/04/2009.
- (b) It had increased the fee w.e.f. 01/04/2009.
- (c) Neither the arrear fee was charged from the students nor the arrear salary was paid to the staff.
- (d) It charged development fee in all the five years for which the information was sought i.e. 2006-07 to 2010-11. The development fee charged in 2009-10 amounted to Rs. 14,14,200 while that charged in 2010-11 amounted to Rs. 16,79,500.
- (e) Development fee was treated as a revenue receipt.
- (f) No separate depreciation reserve fund is maintained for depreciation on assets acquired out of development fee as the

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L.K. International School, Auchandi Road, Bawana, Delhi-110039

school is running in losses and no funds were available for this purpose.

(g) There was no unutilised development fund with the school.

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

(a) the school had implemented the recommendations of VI Pay Commission w.e.f. 01/04/2009, except for class IV employees, who were paid salary on consolidated basis. The monthly salary bill of the school was Rs. 5,01,859 for the pre implementation period, which rose to Rs. 12,51,151 for the post implementation period. However, the entire increase in monthly salary was not on account of implementation of VI Pay Commission but was partly due to the increase in number of staff members from 49 to 67.

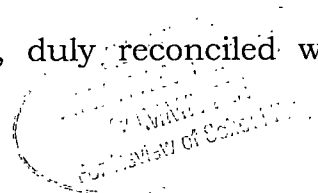
(b) The salary was paid by individual account payee cheques.

(c) The school hiked the tuition fee by Rs. 200 per month for all the classes w.e.f. 01/04/2009, which was in terms of order dated 11/02/2009 issued by the Director of Education. However, the school had not hiked any fee in 2010-11.

The Committee issued a notice dated 01/01/2015 fixing the hearing of the school on 14/01/2015 and also required the school to furnish the figures of regular tuition fee for 2008-09, 2009-10 and 2010-11, regular salary for these years, duly reconciled with the

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L.K. International School, Auchandi Road, Bawana, Delhi-110039

audited Income & Expenditure Account. The school was also required to furnish bank statements highlighting payment of salaries, the statement of account of the trust/ society running the school as appearing in its books, details of accrued liabilities, gratuity and leave encashment. The hearing was postponed to 22/01/2015 on account of certain exigencies. On this date, Sh. Suraj Prasad, Accounts Officer of the school appeared and reiterated the contentions made by the school in its reply to the questionnaire. They furnished the information, as was required by the Committee. The information furnished by the school, in so far as it is relevant for the purpose of examining the issue which is before the Committee, is as follows:

Fee	2008-09	2009-10	2010-11
Regular/ Normal Tuition Fee	73,18,880	1,24,47,150	1,49,72,445
Regular/ Normal Development Fee (if treated as a revenue receipt)	11,05,100	14,14,200	16,79,500
Salary			
Regular/ Normal Salary	60,52,646	1,29,06,268	1,57,23,860

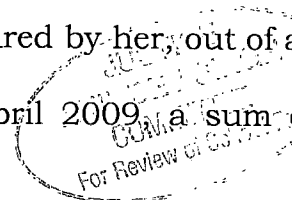
The school also stated that it had no accrued liabilities on account of gratuity or leave encashment as on 31/03/2010.

The audit officer of the Committee was directed to prepare a statement showing the mode of payment of salary to the employees for the year 2009-10. As per the statement prepared by her, out of a total salary of Rs. 12,65,931 for the month of April 2009, a sum of Rs.

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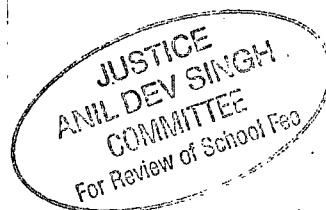
3,14,886 was paid either by bearer cheques or in cash. However, for the month of October 2009, the component of salary paid through bearer cheques or in cash was just Rs. 21,000 out of a total amount of Rs. 9,21,798.

It appeared to the Committee that the school had prospectively implemented the recommendations of VI Pay Commission and therefore, a calculation sheet to examine the justifiability of fee hike was required to be prepared. Accordingly, the following calculation sheet was prepared by the audit officer under supervision of the Committee:

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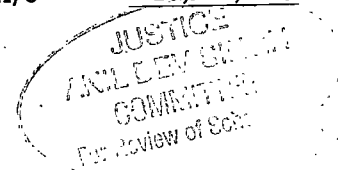
Statement showing Fund available as on 31-03-2009 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report			
	Particulars		Amount (Rs.)
	<u>Current Assets + Investments</u>		
	Cash in hand	54,628	
	Bank Balance	216,938	
	Advance Cheque Deposit (ICICI Bank)	19,000	
	Fee Recoverable	118,775	409,341
Less	<u>Current Liabilities</u>		
	Salary Payable	488,946	
	Sundry Creditors	668,866	
	TDS payable	9,706	1,167,518
	Net Current Assets + Investments		(758,177)
	Funds Available		
	Total Liabilities after implementation of Vith Pay Commission		
Less	Incremental Salary in 2009-10 (as per calculation given below)	6,853,622	6,853,622
	Excess / (Short) Fund Before Fee Hike		(6,853,622)
Add	Total Recovery after VI th Pay Commission		
	Incremental tuition fee in 2009-10 (as per calculation given below)	5,128,270	5,128,270
	Excess / (Short) Fund After Fee Hike		(1,725,352)
Less	Funds to be kept in reserves equivalent to 4 months salary		4,302,089
	Excess / (Short) Funds		(6,027,441)

Working Notes:

	2008-09	2009-10
Tuition Fee	<u>7,318,880</u>	12,447,150
Incremental Tuition Fee in 2009-10	<u>5,128,270</u>	
	2008-09	2009-10
Regular/ normal Salary	<u>6,052,646</u>	12,906,268
Incremental Salary in 2009-10	<u>6,853,622</u>	
	2008-09	2009-10
Tuition Fee as per Income & Expenditure Account	<u>7,318,880</u>	18,247,750
Increase in Tuition Fee in 2009-10 as per I & E A/c	<u>10,928,870</u>	

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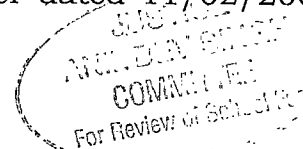
It would be apparent from the above calculation sheet that the school did not have any funds of its own at the threshold as on 01/04/2009 as its current assets were just Rs. 4,09,341, as against its current liabilities of Rs. 11,67,518. The hike in salary on account of implementation of VI Pay Commission report and the normal increase in salary in 2009-10 resulted in an additional expenditure of Rs. 68,53,622, which was partially met by hike in tuition fee in terms of order dated 11/02/2009 to the extent of Rs. 51,28,270. Thus there was a deficit of **Rs. 17,25,352**. Although, the school stated that it did not have any liabilities for gratuity and leave encashment, it would be noticeable that the school did not even have any funds to keep in reserve for future contingencies. We will revert to this aspect later, if considered necessary. In view of this, the school cannot be considered to have hiked more fee than was required for implementing the recommendations of VI Pay Commission.

Development Fee:

Admittedly the school was treating development fee as a revenue receipt and utilising the same for meeting its revenue expenses. In fact, even a part of salary was also met out of development fee as the school did not have funds to cover its salary expenditure from tuition fee alone. The development fee charged by the school in the years 2009-10 and 2010-11 in pursuance of order dated 11/02/2009 was

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Rs. 14,14,200 and Rs. 16,79,500 respectively. In normal course, we would have recommended refund of this sum of Rs. 30,93,700 for non fulfillment of the mandatory pre conditions laid down 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. However, in view of the fact that the school incurred a deficit of Rs. 17,25,352 in implementing the recommendations of VI Pay Commission and in view of the requirement of the school to keep funds in reserve for future contingencies, which we quantify at Rs. 43,02,089, being expenditure on four months' salary for the year 2009-10, we refrain from recommending refund of any part of development fee.

Recommendations:

In view of the foregoing discussion and determinations, the Committee recommends no intervention in the matter of fee hiked by the school in terms of order dated 11/02/2009 issued by the Director of Education and the development fee charged by the school in the years 2009-10 and 2010-11.

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

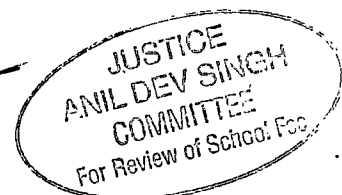
Sd/-

Dr. R.K. Sharma
Member

Dated: 09/09/2015

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Puri, New Delhi-110058**

The school had not furnished any reply to the questionnaire dated 27/02/2012 issued by the Committee, which was followed by a reminder dated 27/03/2012. The Committee requisitioned the annual returns filed by the school for the years 2006-07 to 2010-11, from the office of the concerned Dy. Director of Education. On prima facie examination of the annual returns, it appeared that the school had hiked the fee in accordance with order dated 11/02/2009 issued by the Director of Education and had also implemented the recommendations of the VI Pay Commission. Accordingly, the school was placed in Category 'B' for the purpose of verification.

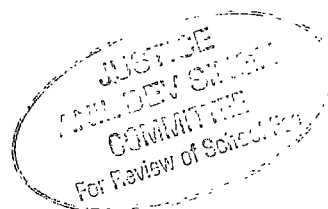
As the school had not responded to the questionnaire issued to it, the Committee, vide letter dated 04/06/2013, required the school to furnish reply to a revised questionnaire which was devised by the Committee to include the relevant questions regarding receipt and utilisation of development fee and maintenance of earmarked development and depreciation reserve funds. The school submitted its reply vide letter dated 22/06/2013. As per the reply submitted by the school:

- (a) The school implemented the recommendations of VI Pay Commission and the increased salary was being paid to the staff w.e.f. 01/01/2006 (sic). It paid arrears of salary on account of retrospective application of the recommendations of

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Puri, New Delhi-110058**

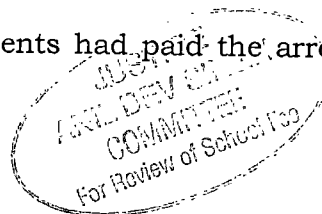
the VI Pay Commission for the period 01/01/2006 to 31/08/2008 and 01/09/2008 to 28/02/2009.

- (b) The school had hiked the fee of the students as per order dated 11/02/2009, issued by the Director of Education, w.e.f. 01/09/2008 and also recovered lump sum arrears for the period 01/01/2006 to 31/08/2008 as envisaged in the order. A chart showing the comparative fee chart by the school, inter alia, in 2008-09 and 2009-10 was also enclosed. As per this chart, the school had increased tuition fee by Rs. 200 per month for all students across the board, w.e.f. 01/09/2008.
- (c) The school collected development fee in all the five years for which the information was sought. However, only the monthly fee recoverable was mentioned in the chart without giving any details of the actual amounts collected on this account.
- (d) The development fee was treated as a capital receipt in the accounts and the same was utilised for renovation of building or as per requirements of the school repair etc. The depreciation reserve fund was maintained by the Society Samarth Shiksha Samiti and unutilised development fund was kept in the bank, without mentioning whether it was kept in an earmarked bank account.

The calculations to examine the justifiability of hike in fee were initially made by the Chartered Accountants detailed with the Committee (CAs) on the presumption that all the students had paid the arrear fee

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Puri, New Delhi-110058**

and the differential in salary on account of implementation of VI Pay Commission was worked out by extrapolating the difference in monthly salary hike. Further, they took the arrear salary as having been paid when the documents filed by the school merely showed the amount that was payable. No attempt was made to correlate the figures with the audited financials of the school. In view of these shortcomings, the calculation sheet prepared by the CAs was not pursued.

As the information furnished by the school was not in a structured format, in order to facilitate the calculations of the justifiable amount of fee hike, the Committee issued a notice dated 25/05/2015 to the school requiring it to furnish the relevant information regarding fee and salary (including arrear fee and salary) for the years 2008-09 to 2010-11, duly reconciled with the audited Income & Expenditure Accounts of the school, in a structured format. However, the school did not respond to this notice. A notice of hearing dated 22/07/2015, was then issued to the school for hearing on 08/08/2015. On this date, Ms. Anjali Bhatnagar, Vice Principal, Ms. Shobna Khanna, UDC of the school appeared along with Sh. Dinesh Khandelwal, Vice President of Samarth Shiksha Samiti. They contended that the school did not receive the letter dated 25/05/2015 issued by the Committee. They were furnished with a copy of the letter dated 25/05/2015 and directed to submit the reply within one week. During the course of hearing, the representatives of the school further mentioned that the school had only about 150 students in

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JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

**Mata Heera Devi Choudhary Saraswati Bal Mandir, B-1, Janak
Puri, New Delhi-110058**

2009-10 and the arrear salary paid was much more than the arrear fee collected. Fresh hearing in the matter was fixed for 31/08/2015.

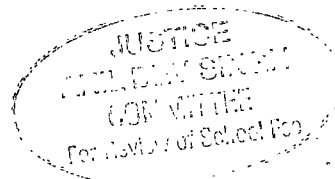
The school furnished reply to the Committee's notice dated 25/05/2015 under cover of its letter dated 17/08/2015. The information regarding arrear fee, arrear salary, regular fee and regular salary for the years 2008-09, 2009-10 and 2010-11 was furnished by the school. Bank Statements in evidence of the payment of arrear salary were also furnished. With regard to payment of gratuity and leave encashment, separate notes were submitted explaining that the liability of gratuity was met by the Samarth Shiksha Samiti i.e. the parent Society of the school, which had taken a group gratuity policy from Life Insurance Corporation of India. All the schools of the Society were required to pay only the annual premium in respect of the staff deployed with them. With regard to leave encashment, the school stated that the payment was made by the school itself. However, no details of accrued liability of leave encashment were furnished by the school.

On 31/08/2015, Ms. Shobna Khanna and Sh. Lekh Raj, UDCs of the school appeared and reiterated the position with regard to payment of salary and recovery of fee as was furnished by the school in its letter dated 17/08/2015. However, they filed a fresh fee and salary statement after making some minor corrections in the statement furnished on 17/08/2015. They also furnished a statement showing the accrued liability of the school on account of leave encashment. The aggregate

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**Mata Heera Devi Choudhary Saraswati Bal Mandir, B-1, Janak
Puri, New Delhi-110058**

amount of accrued liability as on 31/03/2010 was shown as Rs. 6,68,026.

Discussion and Determination:

Tuition Fee

The Committee has examined the details filed by the school as also the figures of arrear fee, arrear salary, regular fee and regular salary (both pre hike and post hike), the reply to the questionnaire issued by the Committee. The information furnished by the school has also been checked with reference to the audited financials of the school, which are found to be credible.

In order to ascertain the funds available with the school at the threshold as on 31/03/2008, and the additional resources generated by the school as a result of fee hike and collection of arrear fee and the additional liabilities incurred by the school on account of implementation of VI Pay Commission report, the Committee has prepared the following calculation sheet:

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**Mata Heera Devi Choudhary Saraswati Bal Mandir, B-1, Janak
Puri, New Delhi-110058**

Statement showing Fund available as on 31-03-2008 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report			
	Particulars	Amount (Rs.)	Amount (Rs.)
	<u>Current Assets</u>		
	Cash in hand	-	
	Bank Balance	(44,398)	
	Fixed Deposits with accrued interest	399,566	355,168
Less	<u>Current Liabilities *</u>		
	Student Security	30,500	
	Audit Fee Payable	11,236	41,736
	Net Current Assets		313,432
Less	Arrear of Salary as per 6th CPC w.e.f. 01.01.06 to 31.08.08	233,148	
	Arrear of Salary as per 6th CPC from 01.09.08 to 31.03.09	294,336	
	Incremental Salary in 2009-10 (as per calculation given below)	1,047,534	1,575,018
	Excess / (Short) Fund Before Fee Hike		(1,261,586)
Add	Arrear of Tuition fee for the period from 01.01.06 to 31.08.08	185,400	
	Arrear of Tuition fee for the period from 01.09.08 to 31.03.09	174,700	
	Incremental fee in 2009-10 (as per calculation given below)	17,035	377,135
	Excess / (Short) Fund After Fee Hike		(884,451)

Working Notes:

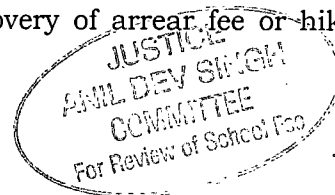
	2008-09	2009-10
Salary as per Income & Expenditure Account	2,044,597	3,092,131
Incremental Salary in 2009-10 as per I & E A/c	1,047,534	
	2008-09	2009-10
Tuition Fee as per Income & Expenditure Account	1,147,965	1,165,000
Incremental Tuition Fee in 2009-10 as per I & E A/c	17,035	

It is apparent from the above calculation sheet that the school had incurred a shortfall of Rs. 8,84,451 on implementation of the recommendations of VI Pay Commission, despite recovery of arrear fee and hiking the regular tuition fee. This position obtains when we have not factored in even the requirement of the school to keep funds in reserve for future contingencies and for meeting its accrued liability of leave encashment.

In this view of the matter, the Committee is of the opinion that no intervention is called for in the matter of recovery of arrear fee or hike in

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**Mata Heera Devi Choudhary Saraswati Bal Mandir, B-1, Janak
Puri, New Delhi-110058**

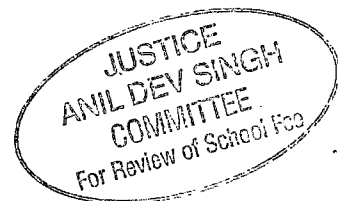
tuition fee effected by the school in terms of order dated 11/02/2009 issued by the Director of Education.

Development Fee:

Although the school initially claimed in its reply to the questionnaire issued by the Committee that it was treating development fee as a capital receipt, it gave up this pretention during the course of hearing when the representatives of the school were confronted with its audited financials which clearly showed that development fee was treated as a revenue receipt. With regard to utilisation of development fee, the school had already conceded in its reply to the questionnaire that the same was utilised for incurring expenditure on building repair etc. which were revenue in nature. That being so, the basic pre conditions prescribed by the Duggal Committee, which were subsequently affirmed by the Hon'ble Supreme Court in the case of Modern School Vs. Union of India (2004) 5 SCC 583 were not being fulfilled by the school. The audited financials showed that the school had recovered a sum of Rs. 1,63,100 as development fee in 2009-10 and Rs. 2,48,850 in 2010-11. These sums aggregating Rs. 4,11,950 were recovered by the school pursuant to order dated 11/02/2009 issued by the Director of Education. However, the Committee is not inclined to recommend refund this amount in view of the shortfall of Rs. 8,84,451, incurred by the school on implementation of VI Pay Commission report.

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**Mata Heera Devi Choudhary Saraswati Bal Mandir, B-1, Janak
Puri, New Delhi-110058**

Recommendations:

The Committee is of the view that no intervention is required in the matter of recovery of arrear fee, hike in regular fee w.e.f. 01/09/2008 and charging of development fee in 2009-10 and 2010-11.

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

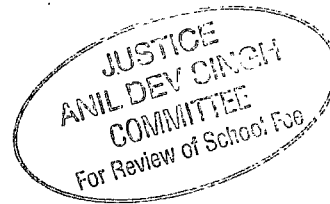
Sd/-

Dr. R.K. Sharma
Member

Dated: 17/10/2015

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In order to elicit the relevant information from the schools to arrive at proper conclusions with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school). The school did not furnish any reply to the questionnaire. However, the annual returns filed by the school under Rule 180 of Delhi School Education Rules, 1973 were received from the office of the concerned Dy. Director of Education. On prima facie examination of these returns, it appeared that the school had hiked the fee in pursuance of order dated 11/02/2009 issued by the Director of Education and at the same time had also implemented the recommendations of the VI Pay Commission. Accordingly, the school was placed in category 'B' for the purpose of verification.

In order to verify the information contained in the returns filed by the school, the Committee issued a notice dated 06/09/2013, requiring the school to produce in its office on 26/09/2013, its fee and salary records, books of accounts, bank statements, copies of provident fund and TDS returns filed by it with the relevant authorities. The Committee also issued a revised questionnaire to the school, incorporating therein the relevant queries with regard to the collection of development fee.

On the scheduled date, Sh. J.K. Arora, Principal of the school appeared and produced the required records. He also filed reply to

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Rao Man Singh Sr. Sec. School, Najafgarh, New Delhi-110043

the revised questionnaire issued by the Committee. As per its reply, the school contended that :

- (i) It had implemented the recommendations of the VI Pay Commission w.e.f. 01/04/2009 and also paid arrears of salary to the staff.
- (ii) It had hiked the regular fee w.e.f. 01/09/2008 and also recovered the arrear fee as per order dated 11/02/2009 issued by the Director of Education.
- (iii) It was charging development fee and treating the same as a capital receipt.
- (iv) Depreciation was charged to Income & Expenditure Account and funds were lying in the school bank account.
- (v) Development fund is kept in a separate saving bank account which has been specifically opened for this purpose.

In support of its contention, the school enclosed details of monthly salary of staff for pre implementation period, which amounted to Rs. 12,56,511 as well as for the post implementation period which amounted to Rs. 19,95,566. It also enclosed details of arrear salary paid to the staff amounting to Rs. 80,23,400. Comparative fee statements for the period upto August 2008 and that for the period commencing from September 2008 were also enclosed, which showed that the fee of the students was hiked by Rs. 200 per

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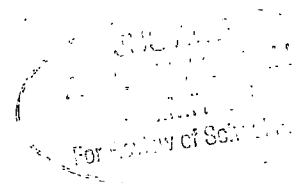
Rao Man Singh Sr. Sec. School, Najafgarh, New Delhi-110043

month for classes I to X and by Rs. 300 per month for classes XI & XII. Details of arrear fee charged for the students were also furnished.

The records produced by the school were verified by Sh. A.D. Bhateja, audit officer of the Committee. He endorsed the correctness of the information furnished by the school in its reply to the questionnaire and the annexures to the reply. Additionally he quantified the arrear fee recovered to be Rs. 89,04,185. He observed that though the school had implemented the recommendations of VI Pay Commission and the salary to the staff was paid by bank transfer after proper deduction of TDS and provident fund, the rate at which DA was paid was slightly less than the prevailing rate. No adverse feature was noticed by him in the maintenance of books of accounts, which would cast any doubt about the integrity of accounts.

The Committee issued a notice dated 22/01/2015 fixing the hearing of the school on 10/02/2015, which was postponed to 17/03/2015. Vide the aforesaid notice, the Committee required the school to furnish the aggregate figures of arrear fee for different periods, regular tuition fee for 2008-09, 2009-10 and 2010-11, arrear salary and regular salary for these years, duly reconciled with the audited Income & Expenditure Account. The school was also required to furnish bank statements highlighting payment of salaries, the statement of account of the trust/ society running the school as

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Rao Man Singh Sr. Sec. School, Najafgarh, New Delhi-110043

appearing in its books, details of accrued liabilities, gratuity and leave encashment.

On the scheduled date, Sh. J. K. Arora, Principal of the school appeared along with Sh. Punit Goel, its auditor. They furnished the information, as was required by the Committee. They contended that the school did not have any accrued liability on account of gratuity or leave encashment. Besides, they reiterated the contentions which the school made in its reply to the questionnaire issued by the Committee. The Committee verified the information as furnished by the school with reference to its audited financials, books of accounts, bank statements and salary records. The contentions of the school were found to be correct. Accordingly, the Committee directed its audit officer to prepare a preliminary calculation sheet to examine the justifiability of the hike in fee effected by the school as well as the arrear fee recovered by it. The audit officer prepared the following calculation sheet:

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Rao Man Singh Sr. Sec. School, Najafgarh, New Delhi-110043**Calculation Sheet with regard to hike in Tuition Fee:**

Statement showing Fund available as on 31.03.2008 and the effect of hike in fee as per order dated 11.02.2009 and effect of increase in salary on implementation of 6th Pay Commission Report			
	Particulars	Amount (Rs.)	Amount (Rs.)
	<u>Current Assets + Investments</u>		
	Cash in hand	39,685	
	Bank Balance	2,030,451	
	Fixed Deposits	155,000	2,225,136
Less	<u>Current Liabilities</u>		
	Security Refundable	488,000	
	Examination amount payable	10,000	
	Expenses payable	2,422	500,422
	Net Current Assets + Investments (Funds Available)		1,724,714
Less	<u>Total Liabilities after implementation of VIth Pay Commission</u>		
	Arrear of 6th CPC w.e.f. 01.01.2006 to 31.03.2009	8,023,400	
	Incremental Salary in 2009-10 as per calculation given below	8,569,342	16,592,742
	Excess / (Short) Fund Before Fee Hike		(14,868,028)
Add	Total Recovery after VI th Pay Commission		
	Arrears of tuition fee from 01.01.2006 to 31.08.08	5,499,345	
	Arrears of tuition fee from 01.09.2008 to 31.03.2009	3,502,140	
	Annual increase in Tuition Fee (FY 09-10) as per calculation given below	4,785,115	13,786,600
	Excess / (Short) Fund After Fee Hike		(1,081,428)

Working Notes:

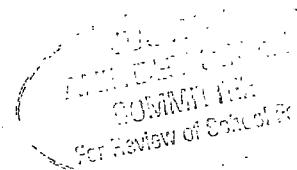
There is no liability of leave encashment and gratuity as on 31.03.2010

	2008-09	2009-10
Normal/ Regular salary + Provident Fund	16,997,799	25,567,141
Incremental salary in 2009-10	8,569,342	
	2008-09	2009-10
Normal/ Regular Tuition fee	20,936,377	25,721,492
Incremental tuition fee in 2009-10	4,785,115	

As per the calculation sheet, the school had funds to the tune of Rs. 17,24,714 available with it as on 31/03/2008. The total additional burden on account of implementation of VI Pay

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Rao Man Singh Sr. Sec. School, Najafgarh, New Delhi-110043

Commission report upto 31/03/2010 was of the order of Rs. 1,65,92,742 by way of arrear salary and incremental salary. Thus there was a deficit to the tune of Rs. 1,48,68,028, which needed to be bridged by recovering arrear fee and by hiking regular fee for the year 2009-10. The total collection of the school by way of arrear fee and incremental fee was Rs. 1,37,86,600, leaving an uncovered deficit of **Rs. 10,81,428**. This deficit is worked out without accounting for the requirement of the school to keep funds in reserve for any future contingency.

The calculation sheet has been checked by the Committee and the same is found to be in order. In view of this position, the Committee is of the view that the tuition fee hiked by the school and the arrear fee recovered by it was justified and no intervention is required in the matter.

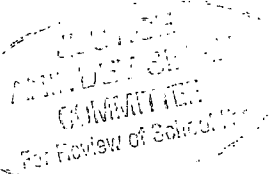
Development Fee:

The school admittedly recovered a sum of Rs. 11,35,500 as development fee in the year 2009-10 and Rs. 13,31,750 in 2010-11. Thus the total development fee recovered in pursuance of order dated 11/02/2009 issued by the Director of Education upto 31/03/2011 was **Rs. 24,67,250**. The school had a deficit of **Rs. 10,81,428** in

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tuition fee account, which was worked out without taking into consideration the requirement of the school to keep funds in reserve for future contingencies. The Committee has taken a consistent view in the case of other schools that the schools ought not be denuding themselves of its entire funds in implementing the recommendations of VI Pay Commission and ought to keep in reserve funds equivalent to four months salary for any future contingency. The total salary of the school for the year 2009-10 was Rs. 2,55,67,141. Based on this, the requirement of the school to keep funds in reserve was to the tune of Rs. 85,22,380. This coupled with the deficiency of Rs. 10,81,428 on account of tuition fee is much more than the development fee recovered by the school in pursuance of order dated 11/02/2009. In the circumstances, the Committee is of the view that no useful purpose would be served by examining the issue of fulfillment of the pre conditions laid down by the Duggal Committee and affirmed by the Hon'ble Supreme Court in the case of Modern School vs. Union of India.

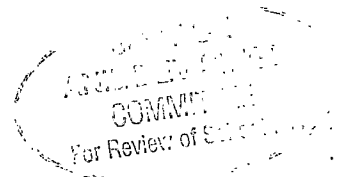
The Committee is therefore of the view that no intervention is required in the matter of development fee also.

Recommendations:

In view of the foregoing discussion and determinations, the Committee recommends no intervention in the matter of tuition fee hiked by the school, arrear fee recovered by it and the

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Rao Man Singh Sr. Sec. School, Najafgarh, New Delhi-110043

development fee charged by it in pursuance of order dated
11/02/2009 issued by the Director of Education.

Sd/-
CA J.S. Kochhar
Member

Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated: 10/08/2015

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Air Force Gyan Jyoti Public School, Palam, Delhi Cantt, Delhi-110010

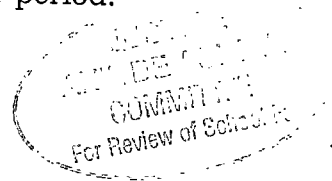
In order to elicit the relevant information from the schools to arrive at a proper conclusion with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school). This was followed by a reminder dated 27/03/2012. However, the school did not respond to any of these communications.

The Committee again issued a letter dated 16/07/2012 requiring the school to furnish reply to the questionnaire dated 27/02/2012. In response to this letter, the school furnished its reply dated 27/02/2012 along with the annexures. As per the reply submitted by the school, it stated that :

- (a) It had implemented the recommendations of Vith Pay Commission w.e.f. 01/01/2006 (sic). (In support of its contention, it enclosed details of salary of staff for the month of November 2009 showing total salary of Rs. 5,21,060 and that for the month of December 2009, showing total salary of Rs. 8,36,336. Another sheet showing payment of differential salary for the period January 2006 to November 2009 was also enclosed).
- (b) It had hiked the fee w.e.f. 01/04/2009. However, no arrears of fee were recovered for any prior period.

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Air Force Gyan Jyoti Public School, Palam, Delhi Cantt, Delhi-110010

In response to the notice dated 16/07/2012, when the representatives of the school appeared before the audit officer of the Committee, they explained that the school did not charge any arrear fee either for the period 01/01/2006 to 31/08/2008 or for the period 01/09/2008 to 31/03/2009. However, they paid the arrear salary to the staff out of the grant received for this purpose from the Ministry of Defence.

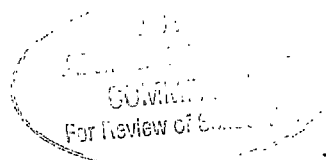
They however admitted that the school had prospectively hiked the fee w.e.f. 01/04/2009 and such hike was necessary as the school had implemented the recommendations of VI Pay Commission. They further mentioned that before 2009-10, the school had not increased any fee for the last four or five years.

In order to afford an opportunity of being heard, the Committee issued a notice dated 23/09/2015 requiring the school to appear before it on 16/10/2015 and produce the relevant records. On this date, Sgt. S. Sharma appeared with Sh. K.S. Sudhir. They furnished the information as required by the Committee. It was submitted that the school did not recover any arrear fee for any period for the purpose of implementation of VI Pay Commission report but had paid a sum of Rs. 74,89,305 as arrear salary to the staff out of the grant received from the Ministry of Defence. Documents in support of this contention were filed. They also filed a chart giving details of fee received by the school for the years 2008-09, 2009-10 and 2010-11.

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Air Force Gyan Jyoti Public School, Palam, Delhi Cantt, Delhi-110010

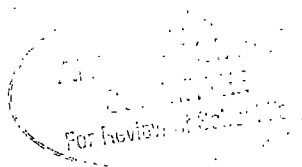
It was mentioned in this chart that the fee for 2008-09 remained the same from April 2005. However, they expressed their inability to produce the fee records for the years 2005-06 to 2008-09 to verify this aspect on the ground that the same had been weeded out as per the government guidelines.

The Committee considered this aspect and felt that even in the absence of the fee records of the school, the fee schedules filed by the school as part of its annual returns filed by the school under Rule 180 of Delhi School Education Rules, 1973 could be relied upon to examine the quantum of fee which was charged by the schools in the years prior to 2008-09 in view of the fact that the school was run by an organization of Indian Air Force and nobody would have any personal interest in charging higher fee or for generating profits. Further, such fee schedules were contemporaneously prepared and filed with the Director of Education. On examination of the fee schedule filed by the school along with its return for the year 2008-09, the Committee observed that the fee charged in 2008-09 was the same as that charged in 2005-06. Therefore, it can be safely concluded that the school did not hike any fee from 2006-07 to 2008-09.

As for the fee hike effected in 2009-10 i.e. w.e.f. 01/04/2009, the position is as follows:

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Air Force Gyan Jyoti Public School, Palam, Delhi Cantt, Delhi-110010

Class	Tuition Fee in 2008-09		Tuition fee in 2009-10		Increase in Tuition fee in 2009-10			
	I-V	VI-X	I-V	VI-X	I-V		VI-X	
					Rs.	% age	Rs.	% age
Gr. D	240	360	630	840	390	162.50	480	133.33
Sgt. & below	360	420	630	840	270	75.00	420	100.00
MWO/WO	420	560	630	840	210	50.00	280	50.00
Officer	560	660	840	990	280	50.00	330	50.00
Civilian	800	1100	1200	1600	400	50.00	500	45.45

As would be apparent from the above table, the fee hiked by the school in 2009-10 was in excess of even the maximum fee hike permitted by the Director of Education vide order dated 11/02/2009. At this stage, it would be in order to examine whether the aforesaid order of the Director was applicable to this school at all. In the considered view of the Committee, the aforesaid order of the Director of Education was not applicable to this school as the said order was a general permission granted to all the recognised unaided schools under section 17(3) of the Delhi School Education Act, 1973 to hike the fee after the commencement of the academic session 2008-09. The said order permitted the school to hike the fee w.e.f. 01/09/2008 besides recovering lump sum arrears for the period 01/01/2006 to 31/08/2008. Admittedly, the school did not hike any fee w.e.f. 01/09/2008 nor recovered any arrears for the period 01/01/2006 to 31/08/2008. When the aforesaid order did not apply to this school, no fault can be found with the school with hiking the fee w.e.f. 01/04/2009, to the extent it hiked, as the school was free to fix its fee

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Air Force Gyan Jyoti Public School, Palam, Delhi Cantt, Delhi-110010

considering the additional expenditure that would befall on it on account of implementation of VI Pay Commission report. The yardstick of restricting the hike to 10% of the fee charged by the school in previous year can also not be applied to this school, as 10% hike is considered appropriate by the Committee only in cases where the schools have not implemented the recommendations of VI Pay Commission and hence their annual increase in expenditure is on account of normal increments of staff and increase in other expenses on account of inflation. In this case, the expenditure of the school in 2009-10 shot up from Rs. 74,57,557 in 2008-09 to Rs. 1,57,33,753 in 2009-10. As against this, the total amount of revenue from tuition fee rose from 49,77,595 to Rs. 80,38,880. Moreover, due regard has also to be given to the fact that the school did not hike any fee from 2006-07 to 2008-09.

The Committee is therefore of the view that no intervention is called for so far as the hike in tuition fee in 2009-10 is concerned. The school has stated that it does not charge any development fee and this fact is also corroborated by the fee schedules of the school and its audited financials.

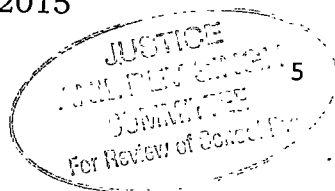
Recommended accordingly.

Sd/-
CA J.S. Kochar
Member

Sd/-
Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated: 21/10/2015



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Secretary

Deepalaya School, A-14 Block, Kalkaji Extension, New Delhi-
110019

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In order to elicit the relevant information from the schools to arrive at a proper conclusion with regard to the necessity of fee hike effected by the schools, the Committee issued a questionnaire dated 27/02/2012 to all the unaided recognised schools in Delhi (including the present school). This was followed by a reminder dated 27/03/2012. However, the school did not respond to any of these communications.

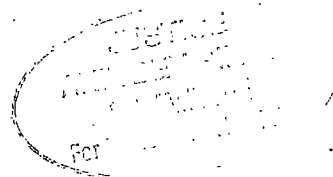
The Committee again issued a letter dated 31/10/2012 requiring the school to furnish reply to the questionnaire dated 27/02/2012. In response to this letter, the school furnished its reply dated 27/02/2012 along with the annexures. As per the reply submitted by the school, it stated that :

- (a) It had implemented the recommendations of Vith Pay Commission w.e.f. November 2008. In support of its contention, it enclosed copies of salary sheets for the month of March 2009 showing total salary of Rs. 4,63,673 and that for the month of April 2009, showing total salary of Rs. 6,46,824. Another sheet showing payment of differential salary for the period November 2008 to March 2009 and July 2009 to October 2009, aggregating Rs. 7,38,131 was also enclosed.
- (b) It had hiked the fee w.e.f. 01/04/2009. However, no arrears of fee were recovered for any prior period.

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Secretary

1



Deepalaya School, A-14 Block, Kalkaji Extension, New Delhi-110019

Copies of the Annual returns filed by the school under rule 180 of Delhi School Education Rules 1973, were received from the office of the concerned Dy. Director of Education. It was observed that the school was granted recognition w.e.f. Academic session 2008-09 vide letter dated 13/10/2008 of the office of the Dy. Director of Education, District South, New Delhi.

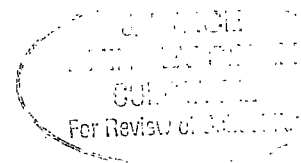
Although the relevant calculations were made by the Chartered Accountants detailed with the Committee, they were found to be irrelevant as they had worked out the excess fee by taking the differential fee by comparing the fee of 2009-10 vis a vis that for 2008-09. It needs to be noted that the fee for the year 2008-09 was a very nominal fee as the same was fixed by the school before it was granted recognition and the bulk of the expenditure of the school was being met by its parent society i.e. Deepalaya.

The Committee issued a notice dated 20/08/2015 fixing the hearing of the school on 11/09/2015 and also required the school to furnish the aggregate figures of arrear fee for different periods, regular tuition fee for 2008-09, 2009-10 and 2010-11, arrear salary and regular salary for these years, duly reconciled with the audited Income & Expenditure Account. The school was also required to furnish bank statements highlighting payment of salaries, the statement of account of the trust/ society running the school as appearing in its books, details of accrued liabilities, gratuity and leave encashment.

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2


Secretary



**Deepalaya School, A-14 Block, Kalkaji Extension, New Delhi-
110019**

The notice was complied with by the school and it furnished the relevant information. Sh. John Vergese, Sr. Manager (F&A) appeared along with Ms. Poonam Gupta, Assistant Manager. They were heard by the Committee. They contended as follows:

- (a) Though the school was granted recognition w.e.f. Academic Session 2008-09, the letter granting recognition was issued by the Directorate of Education only on 13/10/2008. The fee for 2008-09 was fixed much before the recognition letter was received by the school and the same was fixed at very nominal rates of Rs. 50 per month for girls and Rs. 250 for boys, besides nominal annual charges. As the school was unrecognized when the fee for 2008-09 was fixed, the salaries paid by the school were also substantially lower. However, when the school got recognition, it started paying salaries as per the recommendations of VI Pay Commission and therefore the school had to fix substantially higher fee for 2009-10, which was as follows:

<u>Class</u>	<u>Monthly Tuition Fee (Rs.)</u>
I to V	Rs. 1000
VI to VIII	Rs. 1100
IX & X	Rs. 1200

- (b) The fee for 2009-10 was fixed at the aforesaid levels but the same was not fixed in pursuance of order dated 11/02/2009.

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3

Secretary

COMMITTEE
Review of Schools

**Deepalaya School, A-14 Block, Kalkaji Extension, New Delhi-
110019**

The same was fixed to offset the expenditure due to grant of recognition to the school, which entailed payment of salaries as per the recommendations of VI Pay Commission, as Section 10 (1) of Delhi School Education Act, 1973 became applicable to it.

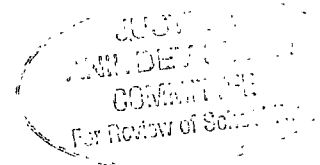
- (c) Although the school implemented the recommendations of VI Pay Commission w.e.f. November 2008, i.e. immediately after the grant of recognition, the school did not revise its fee for the year 2008-09 which was nominally charged @ Rs. 50 per month for girls and Rs. 250 per month for boys. The school also did not recover any arrear fee for the period 01/11/2008 to 31/03/2009.

The Committee has examined the audited financials of the school, the reply to the questionnaire submitted by the school along with its annexures, the copy of the recognition letter which has been received from the office of the concerned Dy. Director of Education, the fee schedules of the school and the submissions made during the course of hearing.

The Committee finds substance in the contention of the school that the fee hiked by the school in the year 2009-10 was not in pursuance of order dated 11/02/2009, which order was in fact a general permission granted by the Director of Education to hike the fee in the middle of the academic session, as required under Section

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Secretary



**Deepalaya School, A-14 Block, Kalkaji Extension, New Delhi-
110019**

17(3) of Delhi School Education Act, 1973. In case of this school, there was no mid session hike and although the school was granted recognition w.e.f. academic session of 2008-09, the fee for 2009-10 was fixed for the first time considering the expenditure of the school on salary and other overheads. Strictly speaking, the order dated 11/02/2009 issued by the Director of Education did not apply to this school as after the implementation of the recommendations of VI Pay Commission, the fee was fixed for the first time for the academic year 2009-10. Therefore, although the fee for 2009-10 was substantially higher than the fee for 2008-09, the Committee does not find any cause to recommend its refund for the aforesaid reasons. In fact, even after hiking the fee in 2009-10, the school could make its ends meet only by taking donation from its parent society to the tune of Rs. 72,13,000. The total collection of fee for this year was just Rs. 43,23,535, in comparison.

Recommendations:

In view of the foregoing discussion, the Committee recommends no intervention in the matter of fee hiked by the school for the year 2009-10.

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

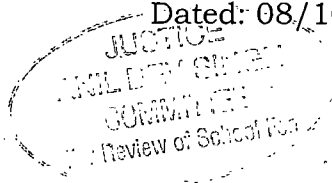
Dr. R.K. Sharma
Member

Dated: 08/10/2015

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5

Secretary



Amity International School, Mayur Vihar, Phase-I, Delhi-91

1. The school responded to the questionnaire issued by the Committee. As per the reply:-
 - (i) The school implemented the recommendations of the Sixth Pay Commission w.e.f. 01.08.2010.
 - (ii) The school hiked tuition fee in terms of the order of the Director of Education dated 11.02.2009 w.e.f. 01.04.2009.
 - (iii) The school has collected arrears of fee from the students and has also paid arrears of salary to the staff.
 - (iv) The school has collected development fee from the students.
2. The Committee did not receive Returns under rule 180 of DSER 1973 filed by the school, either from the office of the concerned Dy. Director of Education or from the school even after several reminders.
3. In order to give an opportunity of being heard to the school, the Committee issued notice dated 20.08.2015 to the school for hearing on 01.09.2015. The hearing was postponed to 09.09.2015 with due intimation to the school. The notice required the school to furnish the information regarding fee and salaries in a structured format, duly reconciled with the income and expenditure accounts. The notice also required the school to furnish details of accrued liabilities of gratuity/leave encashment, if applicable to the school, statement of

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Secretary

B-692

Amity International School, Mayur Vihar, Phase-I, Delhi-91

account of the parent society as appearing in the books of the school, bank statements highlighting the payments of arrear salary, copy of circular issued to the parents.

4. On 09.09.2015 Sh. Alok Mittal FCA along with Sh. Surinder Bisht, Accounts Officer of the school appeared before the Committee. They furnished reply to the Committee's notice dated 20.08.2015 and required information except for details of gratuity liability. The Committee observes that in respect of regular salary, the school furnished the figures which included staff welfare, gratuity liability and regular salary. The school also charged development fee at the time of admission. The development fee was treated as a revenue receipt. The representatives submit that the regular salary as well as arrear salary was paid by direct bank transfer. The school introduced development fee for the first time in 2009-10. The school was directed to file copies of Annual Returns under Rule 180 of DSER 1973 for the years 2006-07 to 2010-11 and also details of gratuity liability as on 31.03.2008 and 31.03.2010.

5. The Committee received detailed information from the school vide its letter dated 18.09.2015 as asked for during the course of hearing on

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Secretary

Amity International School, Mayur Vihar, Phase-I, Delhi-91

09.09.2015, stating that the school had never filed the returns U/R 180 of DSER to the Department of Education. Further, the school was granted recognition from the department from the academic session 2009-10. The school authorities were directed to file a copy of letter of recognition of the school in support of their submission. The school vide its letter dated 15.10.2015 filed a copy of letter of recognition of the school. As per the letter of recognition dated 26.03.2009 issued by the Dy. Director of Education, District East, Directorate of Education, the school was granted recognition from nursery to sr. Secondary level w.e.f. academic session 2009-10.

DISCUSSION & RECOMMENDATIONS

In view of the aforesaid submission, the Committee is of the view that the question of fee hike in pursuance of order dated 11.02.2009 of the Director of Education would not arise in this case, as the fee would be fixed by the school for the first time during the year 2009-10 after the recognition of the school.

Recommended accordingly.

Sd/-
J.S. Kochar Justice Anil Dev Singh (Retd.)
Member

Sd/-
Chairperson

Sd/-
Dr. R.K. Sharma
Member

Dated :- 04.11.2015

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Secretary

