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**GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI**  
**DIRECTORATE OF EDUCATION**  
**(PRIVATE SCHOOL BRANCH)**  
**OLD SECRETARIAT, DELHI-110054**

No. F.DE.15 (234)/PSB/2019 /1230-1234

Dated: 29/03/19

**Order**

WHEREAS, this Directorate vide its order No. DE.15 (318)/PSB/2016/19786 dated 17.10.2017 issued 'Guidelines for implementation of 7th Central Pay Commission's recommendations in private unaided recognized Schools in Delhi' and directed that the private unaided Schools, which are running on land allotted by DDA/other govt. agencies with the condition in their allotment letter to seek prior approval of Director (Education) before any fee increase, needs to submit their online fee increase proposal for the academic session 2017-18. Accordingly, vide circular no. 19849-19857 dated 23.10.2017, the fee increase proposals were invited from all aforesaid Schools till 30.11.2017 and this date was further extended to 14.12.2017 vide Directorate's order No. DE.15 (318)/PSB/2016/20535 dated 20.11.2017 in compliance of directions of Hon'ble High Court of Delhi vide its order dated 14.11.2017 in CM No. 40939/2017 in WPC 10023/2017.

AND WHEREAS, attention is also invited towards order of Hon'ble High Court of Delhi dated 19.01.2016 in writ petition No. 4109/2013 in the matter of Justice for All versus GNCTD and others wherein it has been directed by the Hon'ble Delhi High Court that the Director of Education will ensure the compliance of conditions, if any, in the letter of allotment regarding prior approval of Director of education for the increase of fee by all the recognized unaided Schools which are allotted land by DDA.

AND WHEREAS, the Hon'ble High Court of Delhi while issuing the aforesaid direction has observed that the issue regarding the liability of private unaided Schools situated on the land allotted by DDA at concessional rates has been conclusively decided by the Hon'ble Supreme Court in the judgment dated 27.04.2004 passed in Civil Appeal No. 2699 of 2001 titled Modern School V. Union of India and others wherein Hon'ble Supreme Court in Para 27 and 28 has held as under:-

"27....

(c) It shall be the duty of the Director of Education to ascertain whether terms of allotment of land by the Government to the Schools have been complied with...

28. We are directing the Director of Education to look into the letters of allotment issued by the Government and ascertain whether they (terms and conditions of land allotment) have been complied with by the Schools.....

.....If in a given case, Director finds non-compliance of above terms, the Director shall take appropriate steps in this regard."

AND WHEREAS, the Hon'ble Supreme Court in the above said Judgment also held that under section 17(3),18(4) of Delhi School Education Act, 1973 read with rule 172,173,175 and 177 of Delhi School Education Rules 1973, Directorate of Education has the authority to regulate the fee and other charges to prevent commercialization of education.

AND WHEREAS, in pursuance to order dated 23.10.2017 of this Directorate, **National Victor Public School, C-Block, DDA Colony, West Gorakh Park, Shahdara, Delhi-32 (School Id: 1105235)** had submitted the proposal for increase in fee for the academic session 2017-18 including the impact on account of implementation of recommendations of 7<sup>th</sup> CPC.

AND WHEREAS, in order to ensure that the proposals submitted by the Schools for fee increase are justified or not, this Directorate has deployed teams of expert Chartered Accountants at HQ level who have evaluated the fee proposals of the School very carefully in accordance with the provisions of the DSEA, 1973, the DSER, 1973 and other orders/ circulars issued from time to time by this Directorate for fee regulation.

AND WHEREAS, necessary records and explanations were also called from the School vide email dated March 26, 2018. Further, School was also provided opportunity of being heard on July 02, 2018 to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussions, School was further asked to submit necessary documents and clarifications on various issues noted.

AND WHEREAS, the reply of the School, documents uploaded on the web portal for fee increase and subsequent documents submitted by the School were evaluated thoroughly by the team of Chartered Accountants. The key findings noted are as under:

**Financial Irregularities:**

- I. As per clause 14 of order no. F.DE. /15(56)/Act/2009/778 dated 11.02.2009, development fee, not exceeding 15% of the total annual tuition fees may be charged for supplementing the resources for purchase, up-gradation and replacement of furniture, fixture and equipment. Development fee, if required to be charged shall be treated as capital receipts and shall be collected only if the school is maintaining depreciation reserve fund, equivalent to the depreciation charged in the revenue accounts and the collections under this head along with income generated from the investment made out of this fund, will be kept separately maintained development fund account. However, on review of audited financial statements for the year 2016-17, it was noted that development fund was used for purchase of vehicle amounting to Rs 5,80,000 which can be considered as contravention of aforesaid provisions. Accordingly, School is directed to make necessary adjustment in Development fund account.

- II. It is noted that the School was charging development fee for period prior to financial year 2014-15. Also, till FY 2013-14, depreciation was being charged on all Fixed assets and transferred to the Depreciation reserve account. The Fixed assets were shown on the face of the Balance sheet at cost. From financial year 2014-15, School has stopped collection of Development fee and has also stopped maintenance of depreciation reserve fund account for the assets purchased out the development fund account and changed the treatment of depreciation on Fixed assets purchased out of Development fund. No depreciation was transferred to Depreciation reserve account and the Fixed assets are shown in the Balance sheet at cost minus current year Depreciation. The presentation of Fixed assets in the financial statements is not in accordance with GN-21 Accounting by Schools issued by ICAI.
- III. The Depreciation reserve fund should be equal to the difference between the cost of Fixed assets and written down value of the Fixed assets as on 01.04.2014. However, on review of audited financial statements for FY 2014-15 and the fixed assets schedule for the year, it is noted that as on 01.04.2014 the Depreciation reserve fund was not matching to the difference between the cost of Fixed assets and WDV of fixed assets. The School has failed to provide adequate reason for this difference and therefore, no adjustment has been carried out. The details of the same are as follows:

(Figures in Rs.)	
Particular	Amount
Gross value as on 01.04.2014	54,38,563
WDV as on 01.04.2014	25,50,016
Difference	28,88,547
Balance of Depreciation reserve fund as on 01.04.2014	13,43,465

- IV. In respect of earmarked levies, school is required to comply with:
- ▶ Clause 22 of order dated 11.02.2009, which specifies that earmarked levies shall be charged from user students on 'no profit no loss' basis;
  - ▶ Rule 176 of DSER, 1973, which provides that 'income derived from collections for specific purpose shall be spent only for such purpose';
  - ▶ Judgement of Hon'ble Supreme Court of India in the case of Modern School Vs Union of India and Others, which specifies that schools, being run as non-profit organizations, are supposed to follow fund-based accounting.

However, on review of audited financial statements for FY 2014-15, 2015-16 and 2016-17, it was observed that the school has been charging earmarked levies namely transport fee and smart class fee from the students but these fees were not charged on 'no profit no loss' basis as school was either earning surplus or



incurring deficit from these levies. During the period under evaluation, school has incurred deficit against receipts of transport charges and smart class charges. Accordingly, surplus/ deficit earned from these earmarked levies has been adjustment against general reserve. Further, it has also been observed that the school was not following the fund-based accounting in respect of these earmarked levies collected from the students. Accordingly, School is directed to follow fund based accounting.

- V. As per Section 10(1) of Delhi School Education Act, 1973 "The scales of pay and allowances, medical facilities, pension, gratuity, provident fund and other prescribed benefits of the employees of a recognised private school shall not be less than those of the employees of the similar status schools run by the appropriate authority". However, on review of audited financial statements of the School for the financial year 2014-15, 2015-16 and 2016-17, it has been observed that the school has not made any provision for gratuity and retirement benefits during the said years, thereby not complying with the above-mentioned provisions.

**Other Irregularities:**

- I. As per DOE Order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04-06-2012 and as per land allotment letter, the school is required to provide 25% reservation to children belonging to EWS/Dg category at the entry level. The DDE (District) concerned may require to look into this. However, student enrolment details as submitted by the school in response to the discussion is as follows:

Financial year	2014-15	2015-16	2016-17
Total strength	855	821	774
EWS student	141	149	140
Percentage	16.49%	18.15%	18.09%

After detailed examination of all the material on record and considering the clarification submitted by the School, it was finally evaluated/ concluded that:

- i. The total funds available for the FY 2017-18 amounting to **Rs. 2,15,31,368** out of which cash outflow in the FY 2017-18 is estimated to be **Rs. 2,15,26,648**. This results in meagre surplus of **Rs. 4,720**. The details are as follows:

(Figures in Rs.)

Particulars	Amount
Cash and Bank balances as on 31.03.17 as per audited Financial Statements	17,01,510
<b>Total</b>	<b>17,01,510</b>
Fees for 2016-17 as per audited Financial Statements (we have assumed that the amount received in 2016-17 will at least accrue in 2017-18)	1,97,82,173
Other income for 2016-17 as per audited Financial Statements	47,685



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Particulars	Amount
Estimated availability of funds for 2017-18	2,15,31,368
Less: Budgeted expenses for the session 2017-18	2,15,26,648
Net Surplus	4,720

- ii. It seems that the School may not be able to meet its budgeted expenses from the existing fees structure and accordingly, it should utilise its existing funds/ reserves. In this regard, Directorate of Education has already issued directions to the Schools vide circular no. 1978 dated 16/04/2010 that,

"All Schools must, first of all, explore and exhaust the possibility of utilising the existing funds/ reserves to meet any shortfall in payment of salary and allowances, as a consequence of increase in the salary and allowance of the employees. A part of the reserve fund which has not been utilised for years together may also be used to meet the shortfall before proposing a fee increase."

AND WHEREAS, in the light of above evaluation which is based on the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, it was recommended by the team of Chartered Accountants that though certain financial irregularities exist (appropriate financial impact of which has been taken on the fund position of the School) and certain procedural finding noted (appropriate instruction against which have been given in this order), the fee increase proposal of the School may be accepted.

AND WHEREAS, recommendations of the team of Chartered Accountants along with relevant material were put before the Director of Education for consideration and who after considering all the material on the record, found it appropriate to allow the increase in tuition fee by 5% from 01 April, 2019.

Accordingly, it is hereby conveyed that the proposal of fee increase for academic session 2017-18 of **National Victor Public School, C-Block, DDA Colony, West Gorakh Park, Shahdara, Delhi-32 (School Id: 1105235)** has been accepted by the Director of Education with effect from April 01, 2019 and the School is hereby allowed to increase the tuition fee by 5%. Further, the management of said school is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:


1. To increase the tuition fee only by the prescribed percentage from the specified date.
2. To rectify all the financial and other irregularities as listed above and submit the compliance report within 30 days from the date of this order to the D.D.E (PSB).
3. To ensure implementation of recommendations of 7<sup>th</sup> CPC in accordance with Directorate order dated 25.08.2017.

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4. To ensure that the salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings in accordance with the principles laid down by Hon'ble Supreme Court of Delhi in its Judgment of Modern School vs Union of India and others. Therefore, School not to include capital expenditure as a component of fee structure to be submitted by the School under section 17(3) of DSEA, 1973.
5. To utilize the fee collected from students in accordance with the provisions of Rule 177 of the DSER, 1973 and orders and directions issued by this Directorate from time to time.

Non-compliance of this order or any direction herein shall be viewed seriously and will be dealt with the provision of section 24(4) of DSEA, 1973 and DSER, 1973.

This is issued with the prior approval of the Competent Authority.

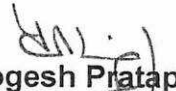
  
(Yogesh Pratap)  
Deputy Director of Education  
(Private School Branch)  
Directorate of Education, GNCT of Delhi

To  
The Manager/ HoS  
National Victor Public School, C-Block, DDA Colony, West Gorakh Park, Shahdara,  
Delhi-32 (School Id: 1105235)

No. F.DE.15 ( 134 )/PSB/2019 / 1230 - 1234  
Copy to:

Dated: 29/03/19

1. P.S. to Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. P.A. to Addl. Director of Education (Private School Branch), Directorate of Education, GNCT of Delhi.
4. DDE concerned
5. Guard file.

  
(Yogesh Pratap)  
Deputy Director of Education  
(Private School Branch)  
Directorate of Education, GNCT of Delhi