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

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No. F.DE.15 (313)/PSB/2019/1160 - 1164

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

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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, **Nav Bharti Public School, Deepali, Pitampura, New Delhi- 110034 (School Id: 1411200)** had submitted the proposal for increase in fee for the academic session 2017-18 including the impact on account of implementation of recommendations of 7th 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 24, 2018. Further, School was also provided opportunity of being heard on July 11, 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 receipt 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 the financial statements of the school it has been observed that development fee has been treated as revenue receipt in FY 2014-15, 2015-16 and 2016-17 which is in contravention of aforesaid order. Therefore, the school is directed to comply with clause 14 of order dated 11.02.2009. The amount of development fee collected by the school is as under.

		(Figures in Rs.)
		Amount
Development Fee Collected		
FY 2014-15		14,57,525
FY 2015-16		15,73,455

FY 2016-17	16,48,725
Total	46,79,705

- II. 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, during FY 2014-15, 2015-16 and 2016-17, the school has collected earmarked levies namely transport charges, smart class fee and computer fee but these fee are not charged on 'no profit no loss' basis. The school has earned surplus from computer fee and incurred deficit from transport charges and smart class fee. Further, the school is not following fund based accounting in respect of these earmarked levies. Therefore, the school is directed to make adjustment to General Fund for surplus/ deficit incurred on these earmarked levies and to follow fund based accounting.

Further, as per the Duggal Committee report, there are four categories of fee that can be charged by a school. The first category of fee comprise of "registration fee and all One Time Charges" levied at the time of admission such as admission and caution money. The second category of fee comprise of "Tuition Fee" which is to be fixed to cover the standard cost of the establishment and also to cover expenditure of revenue nature for the improvement of curricular facilities like library, laboratories, science and computer fee up to class X and examination fee. The third category of the fee should consist of "Annual Charges" to cover all expenditure not included in the second category and the forth category should consist of all "Earmarked Levies" for the services rendered by the school and to be recovered only from the 'User' students. These charges are transport fee, swimming pool charges, Horse riding, tennis, midday meals etc. Based on the aforesaid recommendation, the school should stop the collection of smart class fee.

Considering the aforesaid recommendation, the earmarked levies should be collected from the user students only availing the services/ facilities and if this service/facility has been extended to all the students of the school, the separate charges should not be collected because it would get covered either from the tuition fee or from the annual charges. Therefore, the school is directed to stop the collection of smart class fee.

- III. Rule 177 of DSER, 1973 states that income derived by an unaided recognised school by way of fees shall be utilised in the first instance, for meeting the pay, allowances and other benefits admissible to the employees of the school. Provided that savings, if any, from the fees collected by such school may be utilised by its management committee for meeting capital or contingent expenditure of the school. However, as per audited financial statements for FY

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2014-15, 2015-16 and 2016-17, it is observed that the school bought bus by taking loan from HDFC Bank prior to FY 2014-15. Upon which the school has paid Rs. 7,67,679 towards principal repayment and Rs. 1,58,200 towards interest cost in FY 2014-15 to 2016-17 out of school funds. Therefore, the school is directed to recover the aforesaid amounts from society. Further, the school is directed to make adjustment to General Fund for the interest cost which was charged to income & expenditure account.

Details of payment of loan and interest are stated below

(Figures in Rs.)	
Particulars	HDFC Bus Loan
Payment of principal amount	7,67,679
Payment of Interest on loan	1,58,200
Total	9,25,879

Other Irregularities:

- I. As per DOE order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 as well as DDA land allotment letter, the school shall provide 25% reservation to children belonging to EWS/ DG category. However, the school has not complied with above requirement in the FY 2014-15, FY 2015-16 and FY 2016-17. Therefore, DDE District is directed to look into the matter. The details of total students and EWS students are given below.

Particulars	2014-15	2015-16	2016-17
Total Students	482	456	470
EWS Students	27	27	33
% of EWS Students	6%	6%	7%

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. 1,86,85,922 out of which cash outflow in the FY 2017-18 is estimated to be Rs. 2,04,70,828. This results in deficit of Rs. 17,84,905. The details are as follows:

(Figures in Rs.)	
Particulars	Amount
Cash and Bank balances as on 31.03.17 as per audited Financial Statements	7,80,513
Investments as on 31.03.17 as per audited Financial Statements	9,91,352
Add: Recoverable from society against principal and interest repayment made on loan taken from HDFC Bank for purchase of bus in contravention of Rule 177 of DSER, 1973.	9,25,879
Less: Fixed Deposit in the joint name of Dy Director of Education and school	3,87,502
Total	23,10,242

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Particulars	Amount
Add: Fees for FY 2016-17 as per audited Financial Statements (we have assumed that the amount received in FY 2016-17 will at least accrue in FY 2017-18)	1,62,35,750
Add: Other income for FY 2016-17 as per audited Financial Statements (we have assumed that the amount received in FY 2016-17 will at least accrue in FY 2017-18)	1,39,930
Estimated availability of funds for FY 2017-18	1,86,85,922
Less: Budgeted expenses for the session 2017-18 (after making adjustment)	2,04,70,828
Estimated Deficit	(17,84,905)

Note 1: The school has proposed furniture and fixtures worth Rs. 9,90,000 in budget for FY 2017-18. Since FY 2017-18 is the year of implementation of 7th CPC where parents/ students are already overburdened, therefore the same has not been considered in the evaluation of fee increase proposal.

Note 2: The school has proposed 7th cpc arrears amounting to Rs. 77,08,645 which is 74% of salary expenses of FY 2016-17. The school has not implemented 6th cpc i.e school is paying 96% of basic salary as DA and no HRA is given to teaching staff. As the school has not implemented 6th cpc wholly therefore the burden of 7th cpc is more. Moreover, school has also proposed guest teacher expenses of Rs. 32,92,000 which is also higher as compared to FY 2016-17 based on available information. Hence, total salary expenses including salary arrears and guest teacher expenses to the extent of 25% shall be allowed. The details are given as below:

(Figures in Rs.)

Particulars	FY 2016-17	FY 2017-18	Net Increase	% Change	Disallowed
Salary & allowances	1,15,53,902	2,20,84,347	1,05,30,445	91%	76,41,970
Total	1,15,53,902	2,20,84,347	1,05,30,445	91%	76,41,970

- 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 15% from 01 April, 2019.

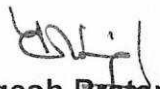
AND WHEREAS, it is also noticed that the School has taken loan for purchase of bus prior to FY 2014-15 and has incurred Rs. 9,25,879 towards payment of loan and interest thereon during the period under evaluation which is in contravention of Rule 177 of DSER, 1973. Therefore, the school is directed to recover Rs. 9,25,879 from the society. The amount of receipts along with copy of bank statements showing receipt of above mentioned amount should be submitted with DoE, in compliance of the same, within sixty days from the date of the order. Non-compliance of this shall be taken up as per DSEA&R, 1973.

Accordingly, it is hereby conveyed that the proposal of fee increase for academic session 2017-18 of **Nav Bharti Public School, Deepali, Pitampura, New Delhi-110034 (School Id: 1411200)** has been accepted by the Director of Education with effect from April 01, 2019 and the School is hereby allowed to increase Tuition Fee by 15%. 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 7th CPC in accordance with Directorate order dated 25.08.2017.
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.

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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

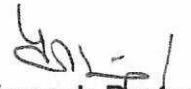
To
The Manager/ HoS
Nav Bharti Public School,
Deepali, Pitampura,
New Delhi- 110034 (School Id: 1411200)

No. F.DE.15 (213)/PSB/2019 / 1160-1164

Dated: 29/03/19

Copy to:

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