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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 ( 639 )/PSB/2018/30508-30511

Dated: 17.12.2018

**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."*

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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, **Amrita Vidyalayam, Sector- VII, Pushp Vihar, Saket, New Delhi - 110017 (School Id: 1923347)** 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 with effect from 01.01.2016.

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 April04, 2018. Further, school was also provided opportunity of being heard on July13, 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, the development fee shall be utilized for the purpose of supplementing the resources for purchase, up gradation and replacement of furniture, fixture and equipment. Further, the development fee shall be collected only if the school is maintaining depreciation reserve fund, equivalent to the depreciation charged in the revenue accounts. However, following observations were noted:
  - a. The school has utilised its development fee for meeting the following revenue expenditure in contravention of the aforesaid clause 14 of the order dated 11.02.2009. Therefore, school is directed to make necessary adjustment to Development Fund and Capital Fund to comply clause 14 of order no. F.DE. /15(56)/Act/2009/778 dated 11.02.2009

Particulars	(Figures in Rs.)	
		Amount
Building repair		
FY 2014-15	24,76,785	
FY 2015-16	28,12,406	
FY 2016-17	36,73,466	89,62,657
Electrical repair		15,24,699

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Particulars		Amount
Furniture repairs		2,68,490
Other repairs		87,604
<b>Total</b>		<b>1,08,43,450</b>

- b. Moreover, the school has also not maintained Depreciation Reserve Fund account equivalent to the depreciation charged in the revenue accounts in the FY 2014-15, 2015-16 and 2016-17 as required by clause 14 of the order dated 11.02.2009. Therefore, the school is directed to collect the Development Fee only if it creates Depreciation Reserve Fund equal to the depreciation charged in the revenue account in accordance with aforesaid clause.

II. In respect of earmarked levies, school is required to adhere to:

- ▶ 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 & Others, which specifies that schools, being run as non-profit organizations, are supposed to follow fund-based accounting.

The school is charging earmarked levies namely Transport fee and Smart class/ High tech fee from the student but these fees are not charged on 'no profit no loss' basis. The school is earning surplus from Smart class/ High tech fee and incurred deficit in respect of transport fee. Further, the school is not following the fund-based accounting in respect of these earmarked levies collected from the students. Therefore, the school is directed to follow fund based accounting for earmarked levies and to adhere the abovementioned provisions. Also, make necessary adjustments in the General Reserve Fund balance.

Further, on review of Financial Statements, it has been noted that the school is collecting Medical fee of Rs.200 from each student. However, 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 is directed to stop the collection of medical fee and smart class fee from the students of all classes.

### Other Irregularities:

#### I. The following observations were noted in relation to caution money:

- a. As per Clause 4 of Order No.DE./15/150/ACT/2010/4854-69 dated 09.09.2010, the un-refunded Caution Money (un-refunded more than 30 days) belonging to ex-students shall be reflected as income for the next financial year. However, school has shown the un-refunded Caution Money as liability. Further, school has not provided details of number of students left the school in FY 2014-15 to FY 2017-18 and hence no financial impact of the same could be ascertained.
- b. As per clause 18 of order no. F.DE. /15(56)/Act/2009/778 dated 11.02.2009, Caution Money collected shall be kept deposited in a Schedule Bank in the name of the concerned school and the school shall return the Caution Money collected along with bank interest to the student at the time of his/ her leaving the school. However, the school has not deposited caution money in a Schedule Bank and has not refunded interest on Caution Money to students leaving the school.

Therefore, the school is directed to follow Clause 4 of Order No.DE./15/150/ACT/2010/4854-69 dated 09.09.2010 and clause 18 of order no. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 in respect of caution money.

- II. As per DOE order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 as well as S.No.18 of DDA land allotment letter, the school shall provide 25% reservation to children belonging to EWS category. However, the school has not complied with above requirement in the FY 2014-15, FY 2015-16 and FY 2016-17. The details of total students and EWS students for the FY 2014-15 to FY 2016-17 are given below:

Particulars	FY 2014-15	FY 2015-16	FY 2016-17
Total Students	1784	1918	1996
EWS Students	287	313	340
% of EWS Students	16%	16%	17%

Hence, the school is directed to follow the provisions of order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 along with the conditions specified in the land allotment letter

- III. As per condition of recognition letter and clause 10 of form 2 of Right of Children to Free and Compulsory Education Act, 2009, the school is required to maintain liquidity in the form of investment for 03 month salary and this investment should be in the joint name of Dy. Director (Education) and Manager of the school. However, the school has provision for 01 month salary only amounting to Rs.75,00,000 as on 31.03.2017. School has made investment against salary reserve in form of FDR of Rs.70,00,000. However, in the absence of copy of FDR certificate, it cannot be ascertained whether FDR is in the name of Manager of School and Dy. Director of Education. Moreover, the investment made by the school against salary reserve has been considered for evaluation of fee increase



proposal. Further, the school is directed to earmark its investment in the joint name of Manager of School and Dy. Director of Education and submit the proof within 90 days of the receipt of this order.

- IV. The school has made provisions for Gratuity and Leave Encashment on the basis of management estimate and not as per Actuarial Valuation as required by Accounting Standard (AS)-15 issued by ICAI. So, there could be an impact on the financials of the school, had the provision been done on the basis of actuarial valuation. However, in the absence of the actuarial valuation report the impact of the same could not be quantified.

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

- i. The total funds available for the year 2017-18 amounting to Rs. **15,32,39,287** out of which cash outflow in the year 2017-18 is estimated to be Rs. **10,58,53,103**. This results in net surplus of amounting to Rs. **4,73,86,184**. The details are as follows:

(Figures in Rs.)

Particulars	Amount	Remarks
Cash and Bank balances as on 31.03.17 as per Audited Financial Statements	2,97,26,130	
Investments as on 31.03.17 as per Audited Financial Statements	3,07,92,200	
Less: Investment against Salary Reserve	70,00,000.00	
Less: Investment against Gratuity and Leave Encashment	-	Refer 'Note 1'
Less: Investment against Caution Money	25,00,000	
Less: Investment in name of Dy. Director of Education & Amrita Vidyalayam	2,00,000	
Less: Investment in name of Secretary, CBSE & Amrita Vidyalayam	1,50,000	
Less: Development fund balance as on 31.03.2017	1,42,93,341	
<b>Total</b>	<b>3,63,74,989</b>	
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)	11,52,05,055	
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)	16,59,243	
<b>Estimated availability of funds for 2017-18</b>	<b>15,32,39,287</b>	
Less: Budgeted expenses for the session 2017-18 (after making adjustment)	10,58,53,103	
<b>Net Surplus</b>	<b>4,73,86,184</b>	

## Adjustments:

**Note 1:** The school has outstanding provision for gratuity and leave encashment as at 31.03.2017 of Rs.1,42,02,559 in its financial statements and investment has been made against gratuity and leave encashment in the form of fixed deposit having balances as at 31.03.2017 of Rs. 1,39,42,200. The investment made by the school is not earmarked in the name of gratuity and leave encashment and therefore the same has not been considered in the above calculation. Further, the school is directed to earmark its investment and submit the proof within 90 days of the receipt of this order.

- ii. The school has sufficient funds to carry on the operation of the school for the academic session 2017-18 on the existing fees structure. In this regard, Directorate of Education has already issued directions to the schools vide order 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 expert Chartered Accountants that prima facie there are financial and other irregularities and also, sufficient funds are available with the school to meet its budgeted expenditure for the academic session 2017-18 including the impact of implementation of recommendations of 7<sup>th</sup> CPC, the fee increase proposal of the school may not be accepted.

AND WHEREAS, recommendations of the team of expert 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 that sufficient funds are available with the school to meet its budgeted expenditure for the academic session 2017-18 including the impact of implementation of recommendations of 7<sup>th</sup> CPC. Therefore, Director (Education) has rejected the proposal of fee increase submitted by the said school.

Accordingly, it is hereby conveyed that the proposal of fee increase of **Amrita Vidyalayam, Sector- VII, Pushp Vihar, Saket, New Delhi - 110017 (School Id: 1923347)** is rejected by the Director of Education.

Further, the management of said school is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:


1. Not to increase any fee in pursuance to the proposal submitted by school on any account including implementation of 7<sup>th</sup> CPC for the academic session 2017-18 and if, the fee is already increased and charged for the academic session 2017-



- 18, the same shall be refunded to the parents or adjusted in the fee of subsequent months.
2. To communicate the parents through its website, notice board and circular about rejection of fee increase proposal of the school by The Directorate of Education.
3. To remove all the financial and other irregularities/violations as listed above and submit the compliance report within 30 days from the date of issue of this order to the D.D.E (PSB).
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. 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 utilise 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.
6. In case of submission of any proposal for increase in fee for the next academic session, the compliance of the above listed financial and other irregularities will also be attached.

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 order 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  
Amrita Vidyalayam,  
Sector- VII, Pushp Vihar, Saket,  
New Delhi - 110017 (School Id: 1923347)

No. F.DE.15 ( 639)/PSB/2018/30508-30511 Dated: 14.12.2018

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