

178

2055

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

178

No. F.DE.15 (279)/PSB/2019 /1470-1474

Dated: 04/04/19

Order

WHEREAS, this Directorate vide its order No. DE.15 (318)/PSB/2016/19786 dated 17.10.2017 of Directorate of Education, Govt. of NCT of Delhi, has issued 'Guidelines for implementation of 7th Central Pay Commission's recommendations in private unaided recognized schools in Delhi' and required that 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, need to submit its 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 where it has been directed by the Hon'ble Delhi High Court that the Director of Education to ensure the compliance of term, if any, in the letter of allotment regarding 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

4

7034

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, **St Paul Diocesan School, Hospital Road Jaganpura, New Delhi (School Id: 1924149)** 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 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, a very rigorous and systematic process of evaluation has been followed by this Directorate by appointing team of Chartered Accountants at Directorate 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 in this process of evaluation, necessary records and explanations were also called from the school vide email dated April 02, 2018. Further, school was also provided opportunity of being heard on November 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 clarification 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 by the team of Chartered Accountants. The key findings noted are as under:

Financial Irregularities

As per clause 14 of order no. F.DE. /15(56)/Act/2009/778 dated 11.02.2009, development fee shall be treated as capital receipt and the collections under this head along with income generated from the investment made out of this fund, will be kept in separately maintained development fund account. 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 treated development fee as revenue receipt in the financial year 2014-15, 2015-16 and 2016-17 which is not in accordance with the aforesaid provisions. Therefore, the school is directed to make necessary adjustment in capital fund. And the school is directed to comply with clause 14 of the order dated 11.02.2009. The summary of development fund collected during the period is as under.

(Figures in Rs.)

Development Fee Collected	Amount
FY 2014-15	20,55,395
FY 2015-16	21,83,810
FY 2016-17	22,46,850
Total	64,86,055

2015

b. Further, the school has not maintained depreciation reserve fund in the FY 2014-15, 2015-16, 2016-17 which is pre-condition for collection of the development fee. Therefore, the school is directed to comply the direction of clause 14 of the order dated 11.02.2009 if it wish to collect the development fee in future.

ii. On review of the financial statements of the FY 2014-15 to 2016-17, it has been observed that expenditure incurred by the school for computer hire charges appears to be excessive considering the strength of the students. Therefore, expenditure incurred by the school in excess of rupees five lacs per annum has been included in the calculation of fund availability of the school with the direction to the school to recover this amount from the society.

Other Irregularities:

i. On review of the fee receipts to the school it has been observed that the school has increased the tuition fee, annual charges, and development fee in FY 2016-17 without obtaining prior approval from Directorate of Education which is in contravention of the order dated 19.01.2016 issued by the Hon'ble High Court of Delhi. The summary of fee increased by the school is as under.

Classes	FY 2014-15		FY 2015-16		FY 2016-17	
	Fees as per fee structure	Fees as per sample fee receipts	Fees as per fee structure	Fees as per sample fee receipts	Fees as per fee structure	Fees as per sample fee receipts
I	1580	1740	1910	1910	2100	2100
II	1580	1740	1910	1910	2100	2100
III	1580	1740	1910	1910	2100	2100
IV	1580	1740	1910	1910	2100	2100
V	1580	1740	1910	1910	2100	2100
VI	1640	1805	1990	1990	2190	2190
VII	1640	1805	1990	1990	2190	2190
VIII	1640	1805	1990	1990	2190	2190
IX	1640	1805	1990	1990	2190	2190
X	1640	1805	1990	1990	2190	2190

ii. As per the Duggal Committee report, there are four categories of fee that can be charged by a school. The first category of fee comprises 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. The school is charging building maintenance fee

from students as one-time fees at the time of admission. Based on the abovementioned recommendation, the school is directed not to collect separate levy in the name of building maintenance fees.

- III. The school has created Fixed asset fund by making transfer from capital fund with the amount of additions to fixed assets. Further, depreciation on fixed asset has been charged through fixed asset fund rather than income & expenditure account.
- IV. On review of audited financial statement for FY 2014-15, 2015-16 and 2016-17, it is noted:
- As per clause 18 of order no. F.DE. /15(56)/Act/2009/778 dated 11.02.2009, the school is required to refund the caution money collected along with bank interest to the students at the time of his/ her leaving the school. However, the school has not refunded interest on caution money to students on leaving of school which is in contravention of above said clause. Therefore, the school is directed to follow the provision of clause 18 of order no. F.DE. /15(56)/Act/2009/778 dated 11.02.2009.
 - Further, 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 which is in contravention of above said clause. Further, school has not provided details of number of students who had left the school during FY 2014-15 to FY 2017-18 and hence no financial impact of the same could be ascertained. Therefore, the school is directed to follow the provision of Clause 4 of Order No.DE./15/150/ACT/2010/4854-69 dated 09.09.2010.

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

- The total funds available for the FY 2017-18 amounting to **Rs. 2,49,19,606** out of which cash outflow in the FY 2017-18 is estimated to be **Rs. 2,34,35,343**. This results in net balance of Surplus amounting to **Rs. 14,84,263** for FY 2017-18 after all payments. The details are as follows:

(Figures in Rs.)	
Particulars	Amount
Cash and Bank balances as on 31.03.17 as per Audited Financial Statements	10,79,240
Investments as on 31.03.17 as per audited Financial Statements	10,06,735
Less: Fixed Deposit earmarked for gratuity fund	53,898
Add: Amount recoverable form the society for computer higher charges incurred in FY 2014-15 and 2015-16 Refer Point No. 2 of the Financial observations	17,09,996
Total	37,42,073
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)	2,10,52,955

2017

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)	1,24,578
Estimated availability of funds for FY 2017-18	2,49,19,606
Less: Budgeted expenses for academic session 2017-18 after adjustments (Refer Note 1 to Note 3)	2,34,35,343
Net Surplus	14,84,263

Adjustments:

Note 1: The school has neither proposed arrears for 7th CPC in its budget nor the arrears salary was approved in the SMC meeting held by the school. Therefore, no amount towards salary arrears has been considered in the evaluation of fee increase proposal. Further, the school has not provided any details for the amount propose for PF contribution and other charges and DA Arrears. Therefore, Rs. 66,70,030 has not been considered in the evaluation of fee increase propose of the school. Moreover Rs. 6,50,000 proposed by the school towards gratuity and leave encashment has also not been considered because it was not proposed on the basis of the actuarial valuation report.

Note 2: Under the following head of expenditures the school has proposed higher amount in comparison to the actual expenditure incurred by the school in FY 2016-16. Therefore, the amount proposed by school has been restricted to 110% of the actual expenditure incurred by the school in the previous financial years. The details of such expenditure is as under:

(Figures in Rs.)

Particulars	Actual expenditure incurred in FY 2016-17	Amount proposed in FY 2017-18	Allowed upto 10% excess over the previous expenditure	Amount Disallowed more than 10%
Legal & Professional Charges	69,780	85,000	76,758	8,242
Audit fee	30,000	75,000	33,000	42,000
Sports & Culture Expenses	15,110	22,000	16,621	5,379
Electricity & Water Expenses	2,92,966	3,60,000	3,22,263	37,737
Fee concession	5,34,645	6,70,000	5,88,110	81,891
Medical Aids	7,224	18,000	7,946	10,054
Computer hire charges	4,43,687	18,29,000	4,88,056	13,40,944

2018

Particulars	Actual expenditure incurred in FY 2016-17	Amount proposed in FY 2017-18	Allowed upto 10% excess over the previous expenditure	Amount Disallowed more than 10%
Provision for contingency reserve	-	50,000	-	50,000
Total				15,76,247

Note 3: The capital expenditure proposed by the school for Rs. 33,62,000 has not been considered because the capital expenditure cannot be form part of the fee structure of the school.

Note 2: The capital expenditure proposed by the school for Rs. 33,62,000 has not been considered because the capital expenditure cannot be form part of the fee structure of the school.

- 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 has been recommended by the team of expert Chartered Accountants that since 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 7th 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 7th CPC. Therefore, Director (Education) has rejected the proposal of fee increase submitted by the said school.

AND WHEREAS, it is noticed that the school has spent Rs.17,09,996 towards computer hire charges which seems to be excessive considering the strength to students. Accordingly, this amount is to be recovered from the society. The amount 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 issuance of this 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 , **St Paul Diocesan School, Hospital Road Jaganpura, New Delhi (School Id: 1924149)** 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 7th 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 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.
4. 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.
5. To remove all the financial and other irregularities as listed above and submit the compliance report within 30 days to the D.D.E (PSB).
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/violations will also be attached.

Non-compliance of the order shall be viewed seriously.

2040

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
St Paul Diocesan School,
Hospital Road Jaganpura, New Delhi (School Id: 1924149)

No. F.DE.15 (279) /PSB/2019 / 1470-1474

Dated: 04/04/19

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