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

No. F.DE.15 (670 **) / PSB / 202**2/ 4160-4164 **Dated:** 03/06/22

ORDER

WHEREAS, **Veda Vyasa DAV Public School (School ID-1618229), Vikaspuri, Delhi-110018**, (hereinafter referred to as **"the School**"), run by the **D.A.V College Trust & Management Society** (hereinafter referred to as the "**Society")**, is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi (**hereinafter referred to as "DoE"),** under the provisions of Delhi School Education Act & Rules, 1973 (**hereinafter referred to as "DSEAR, 1973")**. The School is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

AND WHEREAS, every school is required to file a full statement of fees every year before the ensuing academic session under section 17(3) of the DSEAR, 1973 with the Directorate. Such statement is required to indicate estimated income of the school to be derived from fees, estimated current operational expenses towards salaries and allowances payable to employees etc. in terms of rule 177(1) of the DSEAR, 1973.

AND WHEREAS, as per section 18(5) of the DSEAR, 1973 read with sections 17(3), 24 (1) and rule 180 (3) of the above DSEAR, 1973, responsibility has been conferred upon to the DoE to examine the audited financial Statements, books of accounts and other records maintained by the school at least once in each financial year. Sections 18(5) and 24(1) and rule 180 (3) of DSEAR, 1973 have been reproduced as under:

Section 18(5): *'the managing committee of every recognised private school shall file every year with the Director such duly audited financial and other returns as may be prescribed, and every such return shall be audited by such authority as may be prescribed'*

Section 24(1): *'every recognised school shall be inspected at least once in each financial year in such manner as may be prescribed'.*

Rule 180 (3): *'the account and other records maintained by an unaided private school shall be subject to examination by the auditors and inspecting officers authorised by the Director in this behalf and also by officers authorised by the Comptroller and Auditor-General of India.'*

AND WHEREAS, besides the above, the Hon'ble Supreme Court in the judgment dated 27.04.2004 held in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others has conclusively decided that under sections 17(3), 18(4) read along with rules 172, 173, 175 and 177, the DoE has the authority to regulate the fee and other charges, with the objective of preventing profiteering and commercialization of education.

AND WHEREAS, it was also directed by the Hon'ble Supreme Court, that the DoE in the aforesaid matter titled Modern School Vs. Union of India and Others in paras 27 and 28 in case of private unaided schools situated on the land allotted by DDA at concessional rates that:

"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 High Court of Delhi vide its judgement dated 19.01.2016 in writ petition No. 4109/2013 in the matter of Justice for All versus Govt. of NCT of Delhi and Others, has reiterated the aforesaid directions of the Hon'ble Supreme Court and has directed the DoE to ensure compliance of terms, if any, in the letter of allotment regarding the increase of the fee by recognized unaided schools to whom land has been allotted by DDA/ land owning agencies.

AND WHEREAS, accordingly, the DoE vide order No. F.DE.15 (40)/PSB/2019/2698-2707 dated 27.03.2019, directing all the private unaided recognized schools, running on the land allotted by DDA/other land-owning agencies on concessional rates or otherwise, with the condition to seek prior approval of DoE for increase in fee, to submit their proposals, if any, for prior sanction, for increase in fee for the session 2018-19 and 2019-20.

AND WHEREAS, in pursuance to order dated 27.03.2019 of the DOE, **Veda Vyasa DAV Public School (School ID-1618229), Vikaspuri, Delhi-110018,** submitted the proposal for fee increase for the academic session **2018-19**. Accordingly, this order dispenses the proposal for enhancement of fee submitted by the School for the academic session **2018-19**.

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 Chartered Accountants at HQ level who has evaluated the fee increase 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 the process of examination of fee hike proposal filed by the aforesaid School for the academic session 2018-19, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 23.10.2019 to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted. During the aforesaid hearing, compliances against order no. FDE15(223) PSB/2019/1270-1274 dated 29.03.2019 issued for academic session 2017-18 were also discussed and school submissions were taken on record.

AND WHEREAS, the reply of the school, documents uploaded on the web portal for fee increase and subsequent documents submitted by the school were thoroughly evaluated by the team of Chartered Accountants including follow up of Order No. FDE15(223) PSB/2019/1270-1274 dated 29.03.2019 issued for academic session 2017-18 and key observations noted are as under:

A. Financial Observations

1. As per clause 2 included in the Public Notice dated 4.05.1997, "*it is the responsibility of the society who has established the school to raise such funds from their own sources or donations from the other associations because the immovable property of the school becomes the sole property of the society*". Additionally, Hon'ble High Court of Delhi in its judgement dated 30.10.1998 in the case of Delhi Abibhavak Mahasangh concluded that "*The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society.*" Also, clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10.02.2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

   Based on the aforementioned public notice and High Court Judgement, the cost relating to land and construction of the school building has to be met by the society, being the property of the society and school funds i.e., fee collected from students is not to be utilised for the same.

   The Directorate of Education, Govt of NCT Delhi, in its order no. FDE15(223) PSB/2019/1270-1274 dated 29.03.2019 issued for academic session 2017-18, noted that the school has incurred expenditure on construction of building out of school funds and has capitalised Building amounting to INR 64,51,248 in the aforesaid financial years, which was part funded through funds received from the society during FY 2015-16 of INR 57,00,000. Accordingly, the remaining balance of INR 7,51,248 met out of the school funds were utilised for capital expenditure on construction of building in contravention of aforesaid public notice and High court judgement and without complying the requirements prescribed in Rule 177 of DSER, 1973. Accordingly, the aforesaid amount of INR 7,51,248 has been considered while deriving the fund position of the school considering the same as funds available with the school and with the direction to the school to recover this amount from the Society within 30 days from the date of this order. The aforesaid amount is still recoverable from the society.

   Moreover, during personal hearing, school has submitted that it has not recovered any amount from the society as this expenditure is related to renovation of classrooms and since, the amount was huge and thus it was capitalised. School submission cannot be considered as the expenditure incurred was of capital nature and the financial statement has been duly audited by the Chartered Accountant without any qualifying the capitalisation of above expense.

   Further, on review of audited Financial Statements of the school for FY 2017-18 reflected additions to building of INR 2,02,740 which should have been incurred by the society. This amount is also capitalised as Building of the school in the Financial Statements. Accordingly, amount of INR 7,51,248 included in previous order together with INR 2,02,740 towards reconstruction of building from school fund totalling to INR 9,53,988 is hereby added to the fund position of the school with the direction to the school to recover the same from the society within 30 days from the date of this order.

2. As per the Directorate's Order No. DE 15/Act/Duggal.com/203/99/23033/23980 dated 15.12.1999, the management is restrained from transferring any amount from the recognized

unaided school fund to society or trust or any other institution. The Supreme Court also through its judgement on a review petition in 2009 restricted transfer of funds to the society.

Order No. F.DE-15/ACT-I/WPC-4109/PART/13/951 dated 04.10.2017. and order no. FDE15(223) PSB/2019/1270-1274 dated 29.03.2019 issued to the school post evaluation of proposal for enhancement of fee for FY 2016-17 and FY 2017-18 noted that the school has received loan from society which has already been settled during FY 2015-2016. The school was directed to recover the amount of interest on loan paid to the society of INR 4,76,028 (INR 2,17,020 for FY 2013-14, INR 2,11,052 for FY 2014-15 and INR 47,956 for FY 2015-16). During personal hearing, the school submitted that the loan amount has already been settled during FY 2015-16 and a letter has been forwarded to DAV CMC for recovery of interest paid on loan amount.

Since the school has not recovered the amount of interest from society, total interest of INR 4,76,028 has been considered while deriving the fund position of the school with the direction to the school to recover this amount from the society within 30 days from the date of issue of this order.

3. As per practice adopted by the schools under the management of the DAV CMC, the school provides for Gratuity and Leave encashment expense @ 7% and 3% respectively of Basic Pay and Dearness Allowance and then this is transferred to the DAV CMC. The DAV CMC in turn manages and maintains common pool of funds for all the schools under its management and uses the same for payment of gratuity and leave encashment liability as and when arises on account of his/her resignation or retirement. The department had directed to the school through its order No. F.DE-15/ACT-I/WPC-4109/PART/13/951 dated 04.10.2017 to obtain an actuarial valuation of its gratuity and leave encashment liabilities and disclose its liabilities on account of gratuity and leave encashment along with corresponding investments in its financial statements.

Further, during personal hearing of last academic session 2017-18, the school had agreed to report its liability as per the actuarial valuation along with investment in plan assets as per the requirements of AS-15 from financial year 2018-19. The school also agreed to invest the amount of funds available with DAV CMC in plan assets.

The school for the first time has obtained Actuary report for gratuity and leave encashment as on 31.03.2019 which has been taken on record. As per the Actuary report, the school has liability towards gratuity and leave encashment as on 31.03.2019 of INR 9,97,83,955 and INR 1,67,05,245 respectively. But the school has not recorded the liability towards gratuity and leave encashment in its audited financial statements as per the actuarial valuation report. The details are as under.

(Amount in INR)

Head	As per Actuary Report as on 31.03.2019 (A)	As per Audited FS as on 31.03.2019 (B)	Difference C=(A-B)
Gratuity	9,97,83,955	3,46,99,379	6,50,84,576
Leave Encashment	1,67,05,245	2,89,79,448	(1,22,74,203)

Further, according to Para 7.14 of the Accounting Standard 15 – 'Employee Benefits' issued by the Institute of Chartered Accountants of India, "Plan assets comprise:

(a) assets held by a long-term employee benefit fund; and
(b) qualifying insurance policies."

Based on the discussion with the school during the personal hearing, the school has not invested any amount in the plan assets in accordance with the requirement of AS-15. During the discussion the school also provided details of fund balance with DAV CMC in respect of payment made to DAV CMC towards maintenance of gratuity and leave encashment including the interest accrued. However, this investment in the form of fund balance maintained by DAV CMC. The balance disclosed by the school based on records maintained by the DAV CMC as on 31.03.2019 have been indicated below.

(Amount in INR)

Head	**Balance as on 31.03.2019**
Gratuity & Leave Encashment balance with DAV CMC	6,36,78,827

Accordingly, the investment in the form of fund balance maintained by DAV CMC in respect of the liability towards retirement benefits of the school does not qualify as 'Plan Assets' within the meaning of Accounting Standard 15 (AS-15). Further, the school has provisioned INR 26,87,529 towards gratuity and leave encashment for the FY 2018-19 without depositing any amount in the plan assets in accordance with AS-15 despite being directed several times. Since the school has not deposited any amount in the plan assets in accordance with AS-15 and not complied with the directions given in order no. F.DE-15/ACT-I/WPC-4109/PART/13/951 dated 04.10.2017. and order no. FDE15(223) PSB/2019/1270-1274 dated 29.03.2019. Therefore, this provision towards gratuity and leave encashment has not been considered to the extent of actual payment made while deriving the fund position of the school.

As the school has not complied with directions of the department, the amount for gratuity and leave encashment actually for the FY 2018-19 amounting to INR 98,38,852 and INR 24,96,292 respectively have been considered in the calculation of available fund of the school with the direction to the school to comply with the direction of directorate to invest the same in plan asset in accordance with Accounting standard 15 within 30 days from the date of issue of this order.

4. Rule 177 of DSER, 1973 *states "(1) 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 managing committee for meeting for meeting the capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely:*
   1. *award of the scholarships to students,*
   2. *establishment of any other recognised school, or*
   3. *assisting any other school or educational institution, not being a college, under the management of the same society or trust by which the first mentioned school is run.*

(2) The savings referred to in sub-rule (1) shall be arrived at after providing for the following, namely:-

(a) pension, gratuity and other specified retirement and other benefits admissible to the employees of the school,
(b) the needed expansion of the school or any expenditure of a development nature,
(c) the expansion of the school building or for the expansion or construction of any building or establishment of hostel or expansion or construction of any building or establishment of hostel or expansion of hostel accommodation,
(d) co-curricular activities of the students,
(e) reasonable reserve fund, not being less than ten percent, of such savings."

As per the details provided by the school and review of the audited financial statement revealed that school has paid scholarships to meritorious students without maintaining savings in accordance with Rule 177 of DSER, 1973. The school has awarded scholarships of INR 11,33,119 in FY 2016-17 from the school funds. A similar observation was also noted in order no. FDE15(223) PSB/2019/1270-1274 dated 29.03.2019 issued for academic session 2017-18 which is still pending for recovery.

Therefore, the total amount of INR 11,33,119 paid by the school for scholarship award to students is hereby added to the fund position of the school considering the same as funds available with the school and with the direction to the school to recover this amount from the Society within 30 days from the date of issue of this order.

5. During the financial year 2015-16, it was noted that an amount of INR 5,00,000 was paid to DAV CMC as donation from pupil fund. As per the school submission this amount was paid as part of the subscription to defray the expenses of holding function in Jawahar Lal Nehru Stadium where the students of the school also participated besides other schools. However, the school could not provide supporting documents in relation to the event such as list of participant schools, number of school participants, amount of contribution, total cost incurred, supporting of the invoices, basis of allocation of cost, etc.

In the absence of requisite information, the amount of INR 5,00,000 paid to DAV CMC as donation from pupil fund deemed to be an expense incurred on behalf of the DAV CMC. Accordingly, the amount paid to DAV CMC as donation/ grant is hereby added to the fund position of the school considering the same as funds available with the school and with the direction to the school to recover this amount from the society within 30 days from the date of issue of this order.

6. As explained by the school an administrative charges payable to DAV CMC are accounted for @ 4% of the basic salary paid by the school to its staff up to financial year 2016-17. However, DAV CMC has increased this administrative charge to 7% of the basic salary paid by the school to its staff from the financial year 2017-18. While evaluating the fee increase proposal for the financial year 2017-18, the school was directed vide order no. FDE15(223) PSB/2019/1270-1274 dated 29.03.2019 issued to the school post evaluation of proposal for enhancement of fee for FY 2017-18 to reduce percentage of administrative charges to 2% instead of 7% of the basic salary.

However, the school instead of following the direction of the department, has increased the rate of administrative charge payable to DAV CMC. Calculation of excess administrative charges paid by the school to DAV CMC has been provided below.

(Amount in INR)

Particulars	**FY 2017-18**	**FY 2018-19**
Basic Pay	12,44,49,198	12,97,54,120
Total	**12,44,49,198**	**12,97,54,120**
Applied Rate	6%	6%
Administrative charges (as per applied rate) (A)	73,52,073	84,09,549
Allowable rate	2%	2%
Administrative charges (as per allowable rate) (B)	24,88,984	25,95,082
Difference (A-B)	48,63,089	58,14,467
Less: Administrative charges payable (as per audited financial statements)	-	-
Balance recoverable from Society	**48,63,089**	**58,14,467**

Accordingly, the excess amount of INR 1,06,77,556 (i.e, INR 48,63,089 plus 58,14,467) paid by the school to DAV CMC by way of administrative charge is recoverable from the society and has been included while deriving the fund position of the school considering the same fund is available with the school, with the direction to the school to recover this amount from the society within 30 days from the date of issue of this order.

7. Para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states "*Where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure, the relevant asset account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year.*"

   However, the school on purchase of assets out of the development fund transfers an amount equivalent to the cost of the assets to general reserve instead of transferring it to a separate account e.g. "Development Fund Utilisation Account" or any other account whatever name it may be called. This separate account shall be treated as deferred revenue income and need to be written off in proportion of deprecation charged on the assets. As the school has not been following correct accounting treatment with respect development fund utilisation resulting in incorrect reporting of the balance of General Reserve in the audited financial statements. Thus, the accounting treatment adopted by the school is not in accordance with the above guidance note.

   During the personal hearing, school accepted this fact and agreed to rectify its accounting from the next financial year onward. The compliance with respect to this submission shall be verified while evaluating the fee increase proposal of next academic sessions.

8. The Directorate's order dated 16.4.2201 states "*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."

An analysis of the development fee collected and utilised by the school in last three financial year revealed that the school has been collecting development fee more than its requirement. During the last three years the school has generated surplus of INR 4,59,23,021 out of the development fee. This is also not in accordance with the direction of clause 14 of the order dated 11.02.2009. The below analysis indicates that the school has been generating more funds than its requirements for purchase, upgradation and replacement of furniture fixtures and equipment and thereby the school has been accumulating surplus under this head. Therefore, the school is required to determine actual requirement of development fee to be collected from the students for the next financial year onward.

The summary of development fee collected and utilised by the school as per audited financial statement has been provided below:

(Figures in INR)

Particulars	**FY 2016-17**	**FY 2017-18**	**FY 2018-19**
Development fee collected during the year	2,16,55,250	2,07,39,870	1,06,41,711
Expenditure against development fee	33,37,625	24,61,963	13,14,222
Surplus /(deficit) generated of development fee during the year	**1,83,17,625**	**1,82,77,907**	**93,27,489**
Total			**4,59,23,021**

In view of above, while calculating the fund position of the school, the amount of development fund balance has been restricted accumulation to actual amount collected by the school in FY 2018-19 i.e. INR 1,06,41,711.

9. As per order dated 19.01.2016 issued by the Hon'ble High Court of Delhi, every recognized unaided schools to whom land was allotted by DDA shall not increase the rate of fees without the prior sanction of Director, Education. Further, as per the directions of Supreme Court in ***Modern School vs. Union of India & OINR*** (supra), a Circular dated 16.04.2010 has been issued reiterating as under:

a) It is reiterated that annual fee-hike is not mandatory.
b) School shall not introduce any new head of account or collect any fee thereof other than those permitted. Fee/funds collected from the parents/students shall be utilized strictly in accordance with rules 176 and 177 of the Delhi School Education Rules, 1973.
c) If any school has collected fee in excess of that determined as per procedure prescribed, the school shall refund/adjust the same against subsequent instalments of fee payable by students.

Also, Clause no. 2 (xli) of Letter of Allotment of Land issued by DDA states that *"The society shall not increase the rate of tuition fee without prior sanction of the competent authority and shall follow the provisions of Delhi School Education Act/ Rules, 1973 and other instructions issued from time to time."*

Further, as per Directorate's order no. F.DE-15/WPC-4109/Part/13/7914-7923 dated 16.04.2016 regarding fee increase proposals for FY 2016-17 states "*In case, the schools have already charged any increased fee prior to issue of this order, the same shall be liable to be adjusted by the schools in terms of the sanction of the Director of Education on the proposal.*"

On review of audited Financial Statements of the school for FY 2018-19 it was has been noted that the school had increased the tuition fees by 13% during FY 2018-19 without prior approval of the Directorate. During the personal hearing the school submitted that the increase in tuition fee is due to merging of 50% of annual fee and development fee into tuition fee. The detailed reconciliation of increase in fee has not been provided and therefore, no adjustment can be made in the calculation of fund available with the school.

In absence of details of increased fee collected, fee adjusted/refunded and remaining amount of increase fee, if any, the income reported by the school as per its audited financial statements for FY 2018-19 has been considered while deriving the fund position of the school for FY 2019-20.

The school is hereby directed to prepare detailed reconciliation of increased fee collected in FY 2018-19 and submit evidence of adjustment/refund of increased fee within 30 days from the date of this order. Further, the school is directed not to increase any fee of any class without prior approval of the Directorate.

B. Other Observations

1. Clause 19 of Order No. F.DE./15(56)/Act/2009/778 dated 11.02.2009 states "*The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities.*"

   Further clause 21 of the aforesaid order states "*No annual charges shall be levied unless they are determined by the Managing Committee to cover all revenue expenditure, not included in the tuition fee and 'overheads' and expenses on play-grounds, sports equipment, cultural and other co-curricular activities as distinct from the curricular activities of the school.*"

   Rule 176 provides "*Income derived from collections for specific purposes shall be spent only for such purpose.*"

   Further, as per Clause 22 of Order No. F.DE./15(56)/ Act/2009/778 dated 11.02.2009 states "*Earmarked levies will be calculated and collected on 'no-profit no loss' basis and spent only for the purpose for which they are being charged.*"

   And as per Sub-rule 3 of Rule 177 of DSER, 1973 "*Funds collected for specific purposes, like sports, co-curricular activities, subscriptions for excursions or subscriptions for magazines, and annual charges, by whatever name called, shall be spent solely for the exclusive benefit of the students of the concerned school and shall not be included in the savings referred to in sub-rule (2).*" Further, Sub-rule 4 of the said rule states "*The collections referred to in sub-rule (3) shall be administered in the same manner as the monies standing to the credit of the Pupils Fund as administered.*"

However, as per audited financial statements of the school, it has been noted that the school charges earmarked levies in the form of Transport Fees, Science fee, Computer Science fee and activity/misc. charges. However, the school has not maintained separate fund accounts for these earmarked levies and has been generating surplus from earmarked levies, which has been utilised for meeting other expenses of the school or has been incurring losses (deficit) which has been met from other fees/income.

The aforementioned Guidance Note also lays down the concept of fund-based accounting for restricted funds, whereby upon incurrence of expenditure, the same is charged to the Income and Expenditure Account ('Restricted Funds' column) and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account ('Restricted Funds' column). However, the school has not been following fund-based accounting in accordance with the principles laid down by the aforesaid Guidance Note.

The similar observation was also noted in order no. FDE15(223) PSB/2019/1270-1274 dated 29.03.2019 issued for academic session 2017-18 and it was directed to the school to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus, if any, generated from earmarked levies has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies during subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies. It was also submitted by school that at times, they have been used to meet shortfall in Tuition Fee vis-à-vis Establishment cost as Tuition Fee is not sufficient and thus, utilised the earmarked levies for meeting the shortfall. Details of income and expenditure of earmarked levies as per audited financial statements for FY 2016-17, FY 2017-18 and FY 2018-19 are as follows:

Particulars	**Transport Fee**	**Science Fee**	**Computer Fee**	**Activity Fee***
For the year 2016-17				
Fee Collected during the year (A)	1,37,42,245	15,80,065	46,19,600	30,62,855
Expenses during the year (B)	1,48,55,853	3,18,358	20,61,324	-
I. Difference for the year (A-B)	**(11,13,608)**	**12,61,707**	**25,58,276**	**30,62,855**
For the year 2017-18				
Fee Collected during the year (A)	1,23,92,125	17,44,270	4,31,775	71,54,125
Expenses during the year (B)	1,41,41,249	2,09,615	6,41,930	-
II. Difference for the year (A-B)	**(17,49,124)**	**15,34,655**	**(2,10,155)**	**71,54,125**
For the year 2018-19				
Fee Collected during the year (A)	1,45,36,375	17,59,120	3,67,535	-
Expenses during the year (B)	1,33,16,868	1,08,799	2,82,186	-
III. Difference for the year (A-B)	**12,19,507**	**16,50,321**	**85,349**	-
Total (I+II+III)	**(5,29,617)**	**31,84,976**	**(1,24,806)**	**71,54,125**

*The school did not provide details of expenses incurred against the earmarked levy.

Based on the above provisions, the school should maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus, if any, generated from earmarked levies has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies during subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies. Accordingly, the school is directed to comply with the above-mentioned provisions.

The act of the school of charging unwarranted fee or any other amount/fee under head other than the prescribed head of fee and accumulation of surplus fund thereof tantamount to profiteering and commercialization of education as well as charging of capitation fee in other form.

2. As per Order No. DE.15/Act/Duggal.Com/ 203/99/23033-23980 dated 15.12.1999, indicated the heads of fee/ fund that recognised private unaided school can collect from the students/ parents, which include:

- Registration Fee
- Admission Fee
- Caution Money
- Tuition Fee
- Annual Charges
- Earmarked Levies
- Development Fee

Further, clause no. 9 of the aforementioned order states "*No fee, fund or any other charge by whatever name called, shall be levied or realised unless it is determined by the Managing Committee in accordance with the directions contained in this order ……*"

The aforementioned order was also upheld by the Hon'ble Supreme Court in the case of Modern School vs Union of India & Other.

It was noted that the school's fee structure includes pupil fund, which is collected from all students and based on details submitted by the school, it has been utilised towards varied expenses of the school including co-curricular, repairs and maintenance, printing, and stationery etc.

Based on the fact that the fee head of 'Pupil Fund' has not been defined for recognised private unaided school and the purpose for which the school has been utilising this may be get covered either from annual charges/ Tuition fee. Also, the school is directed not to collect pupil fund form students with immediate effect. A similar observation was also noted while evaluating the fee increase proposal for financial year 2017-18.

3. As per Clause 3 of the public notice dated 04.05.1997 published in the Times of India states "*No security/ deposit/ caution money be taken from the students at the time of admission and if at all it is considered necessary, it should be taken once and at the nominal rate of INR 500 per student in any case, and it should be returned to the students at the time of leaving the school along with the interest at the bank rate.*"

Further, as per Clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11.02.2009 "*No caution money/security deposit of more than five hundred rupees per student shall be charged. The caution money, thus collected shall be kept deposited in a scheduled bank in the name of the* *concerned school and shall be returned to the student at the time of his/her leaving the school along with the bank interest thereon irrespective of whether or not he/she requests for refund.*"

However, as per order no. FDE15(223) PSB/2019/1270-1274 dated 29.03.2019 issued for academic session 2017-18 school had not maintained separate bank account for deposit of caution money collected and not credited the interest earned thereon to the credit of caution money account. It was also noted that interest on caution money was not paid to the students at the time of payment. School was directed to open a separate bank account for caution money deposit and to transfer the interest thereon to the credit of caution money account and to refund the caution money to the students along with interest. But school failed to comply the aforesaid directions.

During the personal hearing, school submitted that it has stopped collecting caution money from students and has started adjusting the caution money already collected from old students against the fee due from them and will adjust the balance amount payable in the coming financial year. Thus, based on the explanation provided by the school, the school should refund/adjust total caution money and should not collect it subsequently. Thus, amount payable as on 31.03.2018 against caution money has been considered while deriving the fund position of the school.

4. As per the provisions of Rule 107 - 'Fixation of Pay' of DSER, 1973, "(1) *The initial pay of an employee, on the first appointment shall be fixed ordinarily at the minimum of the scale of pay. Provided that a higher initial pay, in the specified scale of pay, may be given to a person by a appointing authority....*

(2) The pay of an employee on promotion to higher grade or post shall be determined by the same rules as are applicable to the employee of government school. "

Order No. F.DE-15/ACT-I/WPC-4109/PART/13/951 dated 04.10.2017. and order no. FDE15(223) PSB/2019/1270-1274 dated 29.03.2019 issued to the school post evaluation of proposal for enhancement of fee for FY 2016-17 and FY 2017-18 noted that the gross salary and grade pay of principal (gross pay of INR 2,51,968 for the month of March 2018 with grade pay of INR 8,900) of the school was more than the salary and grade pay as applicable to comparable staff in government schools.

School was asked to prepare a reconciliation of computed salary (along with grade pay) with the salary on the date of joining of the principal and subsequent increments awarded to her. However, the school did not submit the salary computation. Thus, the compliance could not be evaluated. The school is, thus, again directed to prepare a reconciliation of computed salary on the date of joining of the Principal and subsequent increments awarded to her and the same will be verified at the time of fee hike evaluation of subsequent academic session. Non-compliance of the aforesaid direction will lead to action against the school in accordance with section 24(4) of the DSEA, 1973.

5. As per the Director's order no. FDE15(223) PSB/2019/1270-1274 dated 29.03.2019 issued for academic session 2017-18, it was observed that the school has not prepared Fixed Asset Register (FAR) including basic details such as asset description, date, supplier name, invoice number, manufacturer's serial number, location, purchase cost, other costs incurred, depreciation, asset identification number, etc.

During personal hearing the school submitted that it is in process of procurement of the customised fixed assets management software. Therefore, the school directed to prepare fixed assets register including basic details such as asset description, date, supplier name, invoice number, manufacturer's serial number, location, purchase cost, other costs incurred, depreciation, asset identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place. The same shall be verified at the time of evaluation of fee proposal of the school for next academic session.

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 year 2018-19 amounting to INR **33,10,35,733** out of which cash outflow in the year 2018-19 is estimated to be INR **25,37,13,890**. This results in cash surplus of INR **7,73,21,843**. The details are as follows:

Particulars	**Amount (in INR)**
Cash and Bank balances as on 31.03.18 as per audited Financial Statements	1,43,36,429
Cheques in Hand as on 31 March 2018 as per audited financial statements	1,50,11,138
Investments (Fixed Deposits) as on 31.03.18 as per audited Financial Statements	1,78,98,301
Current Account Balance with DAV CMC as on 31.03.2018 as per audited Financial Statements	6,09,91,298
Total Liquid Funds Available with the School as on 31 Mar 2018	**10,82,37,166**
Add: Recovery of additions to building reflected in financial statement for FY 2014-15 to FY 18-19 [Refer Financial Observations No.1]	9,53,988
Add: Recovery of Interest on loan[Refer Financial Observations No.2]	4,76,028
Add: Recovery of amount paid as scholarship to students from the Society [Refer Financial Observations No.4]	11,33,119
Add: Recovery of amount paid to DAV CMC as donation from Pupil Fund[Refer Financial Observations No.5]	5,00,000
Add: Excess administrative charges from DAV CMC [Refer Financial Observations No.6]	1,06,77,556
Add: Fees for 2018-19 as per audited Financial Statements (Refer Note 1)	21,82,71,276
Add: Other income for 2018-19 as per audited Financial Statements (Refer Note 1)	43,78,370
Gross available funds for FY 2018-19	**34,46,27,503**
Less: Fixed Deposits in the joint name of Deputy Director of Education and Manger, School as on 31.03.2018 (Refer Note 3)	6,42,620
Less: Fixed Deposits in the joint name of Secretary, CBSE and Manger, School as on 31.03.2018 (Refer Note 4)	3,74,800
Less: FDR against specific funds (Scholarship fund sponsored by a donor) (Refer Note 5)	1,96,139
Less: Development Fund [Refer Financial Observation No.8]	1,06,41,711
Less: Caution Money as on 31.03.2018 as per audited financial statements (Refer Note 2)	17,36,500
Estimated availability of funds for 2018-19	**33,10,35,733**

Particulars	Amount (in INR)
Total cash outflow (Refer Note 6 & 7)	25,37,13,890
Cash Surplus/ (Deficit)	**7,73,21,843**

Notes:

1. Fee and other income as per audited financial statements of the FY 2018-19 has been considered except reversal of depreciation amounting to INR 83,39,619.

2. Caution money balance of INR 17,36,500 as on 31.03.2018 as per the audited financial statements has been adjusted [Refer Other Observations No.3]

3. The school has made specific investment in the form of FDR the joint of DOE and school. The fixed deposit balance of INR 6,42,620 as on 31.0.3.2018 as provided by school, has been excluded while deriving the fund position of the school.

4. The school has made investment in the form of FDR in the joint name of the school and Secretary, CBSE. The fixed deposit balance of INR 3,74,800 as on 31.03.2018 as provided by the school, has been excluded while deriving the fund position of the school.

5. The school has made investment in the form of FDR against the scholarship fund sponsored by a donor. The fixed deposit balance of INR 1,96,139 as on 31.03.2018 as provided by the school, has been excluded while deriving the fund position of the school.

6. As per financial observation no. 3, in the absence of the investment in plan assets the amount for gratuity and leave encashment actually paid by the school during financial year 2018-19 amounting to INR 98,38,852 and INR 24,96,292 respectively have been considered in the calculation of available fund of the school.

7. Depreciation being non-cash expense has not been considered because there will not any outflow for this.

ii. In view of the above examination, it is evident that the school has sufficient funds to carry on the operation of the school for the academic session 2018-19 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 Chartered Accountants that along with certain financial and other observations, that the sufficient funds are available with the school to carry out its operations for the academic session 2018-19. Accordingly, the fee increase proposal of the school may be rejected.

AND WHEREAS, recommendation of the team of Chartered Accountants along with relevant materials were put before the Director of Education for consideration and who after considering all the material on the record, and after considering the provisions of section 17 (3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that the school has sufficient funds for meeting financial implication for the academic session 2018-19. Therefore, Director (Education) has rejected the proposal submitted by the school to increase the fee for the academic session 2018-19.

AND WHEREAS, the school is directed, henceforth to take necessary corrective steps on the financial and other observations noted during the above evaluation process and submit the compliance report within 30 days from the date of this order to the D.D.E (PSB).

Accordingly, it is hereby conveyed that the proposal of enhancement of fee for session 2018-19 of **Veda Vyasa DAV Public School (School ID-1618229), Vikaspuri, Delhi-110018** is rejected by the Director (Education).

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

1. Not to increase any fee/charges during FY 2018-19. In case, the school has already charged increased fee during FY 2018-19, the school should make necessary adjustments from future fee/refund the amount of excess fee collected, if any, as per the convenience of the parents.

2. To ensure payment of salary is made in accordance with the provision of Section 10(1) of the DSEA, 1973. Further, the scarcity of funds cannot be the reason for non-payment of salary and other benefits admissible to the teachers/ staffs in accordance with section 10 (1) of the DSEA, 1973. Therefore, the Society running the school must ensure payment to teachers/ staffs accordingly.

3. 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 in accordance with the provisions of section 24(4) of Delhi School Education Act, 1973 and Delhi School Education Rules, 1973.

This is issued with the prior approval of the Competent Authority

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

To:

The Manager/ HoS
Veda Vyasa DAV Public School (School ID-1618229),
Vikaspuri, Delhi-110018

No. F.DE.15 (670)/PSB/2022/ 4160-4164 Dated: 03/06/22

Copy to:

1. P.S. to Principal Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (South West-B) to ensure the compliance of the above order by the school management.
4. In-charge (I.T Cell) with the request to upload on the website of this Directorate.
5. Guard file.

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