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

No. F.DE.15 (319)/PSB/2021/ 204-208 **Dated:** 11/01/2022

Order

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 Delhi School Education Act, 1973 (hereinafter read as ***'the Act'***) with the Director. Such statement will indicate estimated income of the school derived from fees, estimated current operational expenses towards salaries and allowances payable to employees etc in terms of Rule 177(1) of the Delhi School Education Rules, 1973 (hereinafter read as ***'the Rules'***).

AND WHEREAS, as per section 18(5) of the Act read with section 17(3), 24 (1) of the Act and Rule 180 (3) of the DSEA & R, 1973, responsibility has been conferred upon the Director (Education) to examine the audited financial, account and other records maintained by the school at least once in each financial year. The Section 18(5) and Section 24(1) of the Act and Rule 180 (3) 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 passed in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others has conclusively decided that under section 17(3), 18(4) read along with rule 172, 173, 175 and 177 of the Rules, Directorate of Education has the authority to regulate the fee and other charges to prevent the profiteering and commercialization of education.

AND WHEREAS, it was also directed by the Hon'ble Supreme Court to the Director of Education in the aforesaid matter titled Modern School Vs. Union of India and others in Para 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 Director of Education to ensure the compliance of term, if any, in the letter of allotment regarding the increase of the fee by all the recognized unaided schools which are allotted land by DDA/ land owing agencies.

AND WHEREAS, accordingly, this Directorate vide order No. F.DE.15 (40)/PSB/2019/2698-2707 dated 27.03.2019, directed that all the Private Unaided Recognized Schools running on the land allotted by DDA/other Govt. agencies on concessional rates or otherwise, with the condition to seek prior approval of Director of Education for increase in fee, are directed 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 this Directorate **St Mary's School (School ID - 1821188), Sector - 19, Dwarka, New Delhi - 110075** had submitted the proposal for fee increase for the academic session **2019-20**. Accordingly, this order is dispensed off the proposal for enhancement of fee submitted by the said school for the academic session **2019-20**.

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 2019-20, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 07.11.2019 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.

AND WHEREAS, the reply of the school, documents uploaded on the web portal for fee increase together with subsequent documents/ clarifications submitted by the school were thoroughly evaluated by the team of Chartered Accountants and the key findings noted are as under:

A. Financial Discrepancies

I. As per the order dated 19.01.2016 issued by the Hon'ble High Court of Delhi, every recognized unaided school whom the land was allotted by DDA shall not increase the rate of fees without obtaining prior approval from the Director of Education. Further, the Director of Education as per the directives of the Hon'ble Supreme Court held in '***Modern School vs. Union of India & Ors.*** (supra)[, issued a Circular dated 16.04.2010 which is as under:

a) It is reiterated that an 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 a fee in excess of that determined as per the procedure prescribed here-above, the school shall refund/adjust the same against subsequent instalments of fee payable by students.

The documents submitted by the school were taken on record. From the review of same, it has been noted that the school has been increasing transport fee year on year basis. The school has increased it transport fee in FY 2016-17, FY 2017-18, and FY 2018-19. The summary of transport fee collected by the school is provided below.

Transport Fee	FY 2016-17	FY 2017-18	FY 2018-19
Dwarka Palam	1400	1500	1600
Other areas	1600	1700	1800

Note: Transport fee comes under earmarked levy and to be paid by the user students only. Because the number of user students is not available no financial impact could be calculated.

It has been further noted that the school has also increased the following fee during FY 2018-19 without obtaining prior approval from the Director (Education). During the personal hearing the school was asked to provide the details of the excess fee collected by it, but the school has not provided such details. Thus, based on the information available on record the excess collected by the school comes to INR 1,54,55,440. The school has collected these fees without obtaining prior approval from the Director (Education). Therefore, the school is directed either refund the excess fee to the students or adjust the same against the fee receivable from the students and submit the compliance report within 30 days from the date of issue of this order. Accordingly, INR 1,54,55,440 has been adjusted while deriving the fund position of the school.

A summary of the excess fee collected by the school is provided below.

Particulars	Excess fee collected in FY 2018-19
Tuition Fee	88,80,360
Development Fee	12,96,360
Activity Fee	20,62,000
Smart class Fee	32,16,720
Total Excess fee collected	**1,54,55,440**

II. Para 99 of Guidance Note-21 'Accounting by Schools' 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.*"

Further, the Para 102 of the aforementioned Guidance Note-21 states "*In respect of funds, schools should disclose the following in the schedules/notes to accounts:*

a. In respect of each major fund, opening balance, additions during the period, deductions/ utilization during the period and balance at the end.
b. Assets, such as investments, and liabilities belonging to each fund separately.
c. Restrictions, if any, on the utilization of each fund balance.
d. Restrictions, if any, on the utilization of specific assets."

And Para 67 of the Guidance Note-21 states "*The financial statements should disclose, inter alia, the historical cost of fixed assets.*"

Basis the presentation made in the audited financial statements in FY 2016-17 to 2018-19 by the school, it has been noted that upon purchase of fixed assets out of the development fund, the school has not transferred an amount equivalent to the purchase cost of the assets from Development fund to Development Fund utilization account (Deferred Income or may be called by any other name). Thus, the school is not following the accounting treatment specified in the GN-21 related to the development fund.

Instead of following the correct accounting treatment in accordance with GN-21, the school has transferred the whole amounts to General Fund resulting in overstatement of the General Fund balance. The amount transferred by the school from the development fund account to the General fund is INR 58,39,429, INR 76,26,921 and INR 49,85,417 in FY 2017-18, 2017-18 and 2018-19. Therefore, the school is directed to prepare and present its financial statement in accordance with the Guidance Noted- 21 issued by ICAI. Further, the school is directed to make necessary adjustments in the General Fund and report the correct balance in the financial statements. As this finding is an accounting issue, therefore, no impact has been given in the calculation of the fund position of the school.

III. Clause 14 of Order No. F.DE./15(56)/Act/2009/778 dated 11.02.2009 and Clause 7 of Order No. DE 15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 states that "*Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up-gradation and replacement of furniture, fixtures and equipment*". Development fee, if required to be charged and shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with income generated from the investment made out of this fund, will be kept separately maintained Development Fund Account.

On review of the audited financial statements of the school of FY 2016-17 to 2018-19, it has been noted that the school has been utilizing development fund/fee purchase of land and car and installation of a lift is not in accordance with clause 14 of the order dated 11.02.2009. As per clause 14 of the order dated 11.02.2009, the development fund can only be utilized for purchase, upgrade and replacement of furniture fixtures. The purchase of land and car and installation of a lift and purchase a car is even not in accordance with Rules 177 of the DSER, 1973. Details of the development fund utilized for the purchase of the land, car, and installation of a lift is provided below.

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Land	42,52,398	13,47,183	7,03,842
Lift	-	12,48,179	-
Car	-	15,52,105	14,20,140

Note: please refer point no. IV for financial implication.

Based on the above findings, the school is directed to comply with clause 14 of the order dated 110.02.2009 and open a separate bank to maintain the development fund separately.

IV. As per clause 2 of Public Notice dated 04.05.1997, "*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.*"

Rule 177 of DSER, 1973 states "*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, or for one or more of the following educational purposes, namely award of scholarships to students, establishment of any other recognised school, or 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.*

Further, the aforesaid savings 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 developmental nature.*
c) *The expansion of the school building or for the 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*"

Accordingly, based on the aforementioned public notice, High Court Judgement and provisions of Rules 177 of DSER, 1973, 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 should not be used for the same.

From the review of the audited financial statements of the school and after examination of the records submitted by the school on 25.11.2019, it has been noted that land at Najafgarh had purchased land at Najafgarh for INR 6,44,62,392 on 01.02.2016. To purchase this land the school had utilized school funds of INR 3,19,62,392 and had taken a loan of INR 3,25,00,000 from Axis Bank on 30.01.2016 with the closing balance of the loan outstanding as on 31.03.2019 is INR 42,34,921.

On the said loan, the school has paid INR 63,03,423 as interest from FY 2016-17 to 2018-19. The school has not reported the payment of interest cost in the income and expenditure accounts while this has been directly capitalized under the head of land. The school has incurred expenditure on the purchase of land without complying with the above-mentioned provisions and before earmarking equivalent investment for gratuity and leave encashment. The school funds of INR 6,65,30,894 (as per details provided below) utilized by the school for the purchase of land has been included 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.

Particulars	Amount (in INR)
Purchase cost of land incurred out of school funds	3,19,62,392
Repayment of loan	2,82,65,079
Payment of Interest*	63,03,423
Total	**6,65,30,894**

* Interest paid for period 30.01.2016 to 31.03.2017 has not included payment of interest.

V. 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.*" Further, as per Section 18(4) of DSEA,1973, Income derived by unaided school by way of fees shall be utilized only for such educational purpose as may be prescribed.

The review of the audited financial statements of the school revealed that the school has purchased an Innova car for INR 15,52,105 in FY 2017-18 and a Honda city car for INR 14,20,140 in FY 2018-19 out of school funds. This capital expenditure on the car was incurred by the school is a contravention of the above-mentioned provisions and without complying with the provision of Rules 177 of DSER 1973. Accordingly, the total expenditure of INR 29,72,245 incurred by the school 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 this order.

VI. Clause 22 of Order No. F.DE /15(56)/ Act/2009/778 dated 01.02.2009 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."

Clause 6 of Order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999 state that "Earmarked levies shall be charged from the user student only."

Rule 176 - 'Collections for specific purposes to be spent for that purpose' of the DSER, 1973 states "Income derived from collections for specific purposes shall be spent only for such purpose."

Sub-rule 3 of Rule 177 of DSER, 1973 states "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."

Also, earmarked levies collected from students are a form of restricted funds, which, according to Guidance Note-21 "Accounting by Schools" issued by the Institute of Chartered Accountants of India, are required to be credited to a separate fund account when the amount is received and reflected separately in the Balance Sheet.

Further, the Guidance Note-21 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 and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account.

On review of audited financial statements submitted by the school, it has been noted that the school charges earmarked levies in the name of transport fee, smart class fee, activity fee and sport and activity fee but have not maintained separate fund accounts for these earmarked levies and the school 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. Details of surplus generated, or deficit incurred out of these earmarked levies during FY 2016-17 to 2018-19 are as under:

Particulars	Transport Fee	Smart Class Fee	Activity Fee	Sports/ Activity Fee*
For the year 2016-17				
Fee Collected during the year (A)	1,91,95,974	30,71,040	61,63,500	22,21,770
Expenses during the year (B)	1,89,30,476	14,68,786	47,72,128	-
Difference for the year (A-B)	**2,65,498**	**16,02,254**	**13,91,372**	**22,21,770**
For the year 2017-18				
Fee Collected during the year (A)	2,03,08,000	30,38,880	61,00,450	21,93,744
Expenses during the year (B)	2,01,85,956	7,31,943	55,82,383	-
Difference for the year (A-B)	**1,22,044**	**23,06,937**	**5,18,067**	**21,93,744**
For the year 2018-19				
Fee Collected during the year (A)	1,95,54,600	61,93,250	87,93,750	16,73,205
Expenses during the year (B)	2,03,84,304	8,02,872	51,31,839	-

Particulars	Transport Fee	Smart Class Fee	Activity Fee	Sports/ Activity Fee*
Difference for the year (A-B)	**(8,29,704)**	**53,90,378**	**36,61,911**	**16,73,205**
Total	**(4,42,162)**	**92,99,569**	**55,71,350**	**60,88,719**

*expenditure details has not been provided by the school.

In view of the above, the earmarked levies are to be collected only from the user students availing the services, and if any service/facility has been extended to all the students of the school, a separate charge cannot be levied towards this service by the school as the same would get covered either from tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). The charging of unwarranted fee or charging of any other amount/fee under different heads other than prescribed and accumulation of surplus fund thereof prima-facie is considered as a collection of capitation fee in other manner and form. Accordingly, charging earmarked levies in the name of Smart class Fee, Activity Fee and Sports and Activity Fee from all the students loses its character of earmarked levy. Thus, the school is directed not to charge Smart class Fee, Activity Fee and Sports and activity Fee as earmarked fee with immediate effect and should incur the expenses relating to these from tuition fee and/or annual charges.

The school is also directed to maintain a separate fund account depicting clearly the amount collected, amount utilized and balance amount for each earmarked levy collected from the students. Unintentional surplus/deficit, 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 in the subsequent proposal of fee increase by ensuring that the proposed levies are calculated on a no-profit no-loss basis and not to include fees collected from all students as earmarked levies.

B. Other Discrepancies

I. Para 57 of Accounting Standard 15- 'Employee Benefits' issued by the Institute of Chartered Accountants of India *"An enterprise should determine the present value of define benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date."*

The Para 7.13 of AS-15 defines Plan Assets as

(a) Assets held by a long-term employee benefit fund; and
(b) Qualifying insurance policies.

From the review of audited financial statements, it has been noted that the school has taken group gratuity scheme from LIC but the school has neither made provision for gratuity in the books of accounts nor reported corresponding investments against this liability. During the personal hearing the school was asked to provide the reason for not reporting the same in the audited financial statements however the school has not submitted any details on this.

Accordingly, the school is directed to determine and disclose provision for gratuity as per actuarial valuation report and report the corresponding investments in the books of accounts and financial statements.

II. 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, Clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11.02.2009 states "*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.*"

Further, Clause 4 of the Order No. DE./15/150/ACT/2010/4854-69 dated 09.09.2010 states, after the expiry of 30 days, the un-refunded caution money belonging to ex-students shall be reflected as income for the next financial year and it shall not be shown as liability. And the same shall be considered the same while projecting the fee structure of the ensuing academic year.

Form review of audited financial statement, it has been noted that the school has been refunding the principal amount of caution money to the students at the time of leaving from the school without interest thereon which is not in accordance with clause 18 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11.02.2009 and not the considered the unrefunded caution money as income of the ensuing year. During the personal hearing the school accepted that amount reported in the audited financial statements as liability for caution money is not correct reflected. However, the total liability of INR 27,33,600 for caution money has been considered while deriving the fund position of the school with the direction to the school determine and report actual amount of caution money refundable in the audited financial statements.

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 2019-20 amounting to **INR 24,68,58,665** out of which cash outflow in the FY 2019-20 is estimated to be **INR 18,92,95,600.** This results in net balance of Surplus amounting to **INR 5,75,63,065** for FY 2019-20 after all payments. The details are as follows:

Particulars	Amount (in INR)
Cash and Bank balances as on 31.03.19 (as per audited Financial Statements of FY 2018-19)	2,00,36,927

Particulars	Amount (in INR)
Investments as on 31.03.19 as per audited Financial Statements (as per audited Financial Statements of FY 2018-19)	88,36,243
Total Liquid Funds Available with the School as on 31.03.2019	**2,88,73,170**
Add: Estimated Fees and other incomes for FY 2019-20 based on audited financial statements of FY 2018-19 of the school (Refer Note 1)	18,25,10,478
Add: Recovery from Society of amount spent on purchase of land [Refer Financial discrepancies No. IV]	6,65,30,894
Add: Recovery from Society of amount spent on purchase of car [Refer Financial discrepancies No. V]	29,72,245
Gross Available Funds for FY 2019-20	**28,08,86,787**
Less: Excess fee collected in the FY 2018-19 to be refundable [Refer Financial discrepancies No. I]	1,54,55,440
Less: Development Fund collected during FY 2018-19 (Refer Note 2)	1,47,30,275
Less: FDR in joint name of Director of Education and Manager of school (Refer Note 3)	7,09,156
Less: FDR in joint name of Chairman CBSE and Manager of school (Refer Note 4)	3,99,651
Less: Caution money as on 31.03.2019 (Refer Other Discrepancies No. II and Refer Note 5)	27,33,600
Less: Staff Retirement Benefits land [Refer Other discrepancies No. I]	-
Net Available Funds for FY 2019-20	**24,68,58,665**
Less: Budgeted expenses for FY 2019-20 (Refer Note 6 to 9)	18,92,95,600
Net Surplus	**5,75,63,065**

Note 1: Fee and income as per audited financial statements of FY 2018-19 has been considered except Expenses written off INR 4,74,400 and Gratuity Claim from LIC INR 2,13,340 with the assumption that the amount of income during FY 2018-19 will at least accrue during FY 2019-20.

Note 2: The Supreme Court in the matter of Modern School held that development fees for supplementing the resources for purchase, upgradation and replacements of furniture and fixtures and equipment can by charged from students by the recognized unaided schools not exceeding 15% of the total annual tuition fee. Further, the Directorate's circular no. 1978 dated 16 April 2010 states "All schools must, first of all, explore and exhaust the possibility of utilizing 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 utilized for years together may also be used to meet the shortfall before proposing a fee increase." Over the number of years, the school has accumulated development fund and has reflected the closing balance of INR 2,38,67,670 in its audited financial statements of FY 2018-19. Accordingly, the accumulated reserve of development fund created by the school by collecting development fee more than its requirement for purchase, upgradation and replacements of furniture and fixtures and equipment has been considered as free reserve available with the school. However, development fund equivalent to amount collected during financial year 2018-19 for INR 1,47,30,275 has been left with the school to meet its future requirements.

Note 3: The school has made specific investment in the form of FDR the joint of DOE and school. The fixed deposit balance of INR 7,09,156 as on 31.0.3.2019 as provided by school, has been excluded while deriving the fund position of the school.

Note 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 3,99,651 as on 31.03.2019 as provided by the school, has been excluded while deriving the fund position of the school.

Note 5: Caution money balance of INR 27,33,600 as on 31.03.2019 as per the audited financial statements has been adjusted [Refer Other Discrepancies No. II]

Note 6: The school has implemented 7th CPC w.e.f. April, 2017, therefore the salary expenses are inclusive of 7th CPC impact.

Note 7: The school has proposed to purchase school vehicles of INR 60,00,000 in budget for FY 2019-20 which has not been considered in the evaluation of fee increase proposal for FY 2019-20 as it is in contravention of Rule 177 of DSER, 1973.

Note 8: The school has proposed expenditure of INR 2,00,000 towards development of playground which has not been considered for evaluation of fee increase proposal for FY 2019-20 as it is in contravention of clause 2 of public notice dated 04.05.1997 and Rule 177 of DSER, 1973.

Note 9: Depreciation being non-cash expense has not been considered because there will not any outflow for this.

ii. The School has sufficient funds to carry on the operation of the School for the academic session 2019-20 on the existing fee 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 irregularities, that the sufficient funds are available with the school to carry out its operations for the academic session 2019-20. Accordingly, the fee increase proposal of the school may be rejected.

AND WHEREAS, 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.

AND WHEREAS, it is noticed that the school has incurred INR 6,95,03,139 in contravention of provisions of DSER, 1973 and other orders issued by the departments from time to time. Therefore, the school may be directed to recover the aforesaid amount 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 issuance of this order. Non-compliance of this shall be taken up as per DSEA&R, 1973.

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 2019-20. Therefore, Director (Education) has rejected the proposal submitted by the school to increase the fee for the academic session 2019-20.

Accordingly, it is hereby conveyed that the proposal of fee increase proposal for academic session 2019-20 of **St Mary's School (School ID - 1821188), Sector - 19, Dwarka, New Delhi-110075** 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 for the academic session 2019-20 and if the fee is already increased and charged for the academic session 2019-20, 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 rectify all the financial and other irregularities/violations as listed above and submit the compliance report within 30 days 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 India 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/violations will also be attached.

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
St Mary's School (School ID - 1821188)
Sector - 19, Dwarka, New Delhi-110075

No. F.DE.15 (319)/PSB/2021 / 204-208 Dated: 11/01/2022

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) 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