

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

No. F.DE.15 (687)/PSB/2022/ 4080-4084

Dated: 03/06/22

Order

WHEREAS, Maharaja Agarsain Model School, Pitampura, New Delhi- 110088 (School Id: 1411182), (hereinafter referred to as "the School"), run by the Sri Agrasen Educational 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, the **Maharaja Agarsain Model School, Pitampura, New Delhi- 110088 (School Id: 1411182)**, submitted the proposal for fee increase for the academic session **2019-20**. Accordingly, this order dispenses the proposal for enhancement of fee submitted by the School for the academic session **2019-20**.

AND WHEREAS, in order to examine that the proposals submitted by the schools for fee increase for justifiability or not, the DoE 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 DSEAR, 1973, and other Orders/ Circulars issued from time to time by the DoE 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 28.11.2019 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. During the aforesaid hearing compliances against order no. F.DE.15(15) PSB/2019/1478-1482 dated 07.02.2019



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 together with subsequent documents/ clarifications submitted by the school were thoroughly evaluated by the team of Chartered Accountants. And based on evaluation of fee proposal of the school the key observations and status of compliance against order no. F.DE.15(15) PSB/2019/1478-1482 dated 07.02.2019 issued for academic session 2017-18 are as under:

A. Financial Observations

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

As per the financial statements of the school of FY 2017-18 and FY 2018-19, it has been noted that school has utilised development fee INR 69,957 & INR 42,65,113 for purchase of library books and upgradation of assets (from the ledger submitted by the school it was related to purchase of tiles and cements) respectively which is not in accordance with the clause 14 of the order dated 11.02.2009. As per clause 14 of the order dated 11.02.2009 the school can utilise the development fee only for purchase, upgrade and replacement of furniture and fixtures and equipment not for any other purposes otherwise than as specified by the said direction.

Further, vide order no F.DE.15(15) PSB/2019/1478-1482 dated 07.02.2019 issued post evaluation of the proposal for enhancement of fee for the academic year 2017-18, the school was directed to ensure compliance with clause 14 of the order dated 11.02.2209 and utilised the development fund/fee only for purchase of furniture, fixture and equipment. In the above-mentioned order the school was also directed to recover INR 1,22,45,416 on account of amount utilised on upgradation of building. The school instead of recovering INR 1,22,45,416 from the society has further incurred INR 42,65,113 on upgradation of assets. Therefore, the total amount of INR 1,65,10,529 is stand recoverable from the society within 30 days from the date of issue of this order and accordingly this has been considered while deriving the fund position of the school.

The school is further, directed to ensure the compliance of clause 14 of the order dated 11.02.2009, if the school wish to collect development fee in future. Non-compliance with the aforesaid direction, a strict action against the school shall be taken in accordance section 24(3) & (4) of the DSEA, 1973.

2. As per Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India states *"Accounting for defined benefit plans is complex because actuarial assumptions are required to measure the obligation and the expense and there is a possibility of*



actuarial gains and losses.” Further, the Accounting Standard defines Plan Assets (the form of investments to be made against liability towards retirement benefits) as:

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

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 defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.”

The audited Financial Statements of FY 2018-19 revealed total liability of INR 4,32,44,065 for gratuity and INR 1,00,00,000 for leave encashment. Further, from the documents submitted by the school post personal hearing, it was noted that the school has deposited INR 4,35,11,298 towards gratuity and INR 1,00,34,689 leave encashment as earmarked investment with LIC that qualify as plan assets within meaning of AS-15 issued by ICAI. Therefore, the INR 5,35,45,987 invested by the school in plan assets have been considered while deriving the fund position of the school

3. The Directorate of Education, in its Order No. DE.15/Act/Duggal.Com/ 203/99/23033-23980 dated 15 Dec 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 & Others.

As per Section 13 of Right to Education Act, 2009, the school should not charge capitation fee from the students at the time of admission contravention of which shall be punishable with fine which may extend to ten times of the capitation fee charged. Further, the Supreme Court in its Judgement dated 2 May 2016 in the matter of Modern Dental College and Research Centre Vs. State of Madhya Pradesh [Medical Council of India] held that education is a noble profession. “Every demand of capitation fee by educational institutions is unethical & illegal. It emphasised that the commercialization and exploitation is not permissible in the education sector and institutions must run on 'no-profit-no-loss' basis”.

Hon'ble Supreme Court categorically held that "Though education is now treated as an 'occupation' and, thus, has become a fundamental right guaranteed under Article 19(1) (g) of the Constitution, at the same time shackles are put in so far as this particular occupation is concerned, which is termed as noble. Therefore, profiteering and commercialization are not permitted, and no capitation fee can be charged. The admission of students has to be on merit and not at the whims and fancies of the educational institutions,"

However, it has been observed that the school has been collecting one-time charges in the name of "Orientation Charges" the time of admission of INR 5,000 from all new admissions, which tantamount as collection of capitation fee from the students at the time admission. The charging of unwarranted fee or charging of any other amount/fee thereof prima-facie is considered as collection of capitation fee in other manner and form.

During hearing, the school explained that this fee has been collected for meeting expenditure incurred towards various activities done for students. This contention of the school cannot be accepted as the school is separately charging other heads of earmarked levies such as Activity fee. Therefore, the reason for collecting one-time charges at the time of admission from the students is not justified. Accordingly, the school is required to stop this type of collection from the students immediately and submit the compliance to the department within 30 days from the date of issue of this order.

4. 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."*

On review of the financial statements, it has been noted that the school has been collecting caution money from the students. But only principal amount is being refunded to the students at the time of his or her leaving from the school which is not in accordance with the clause 18 of the order dated 11.2.2009 and clause 3 of the Public Notice dated 04.05.1997. The school is hereby directed to comply with the above-mentioned provisions with respect to caution money collected from the student. Further, the amount refundable of INR 4,18,800 as on 31.03.2019 as reported in the audited Financial Statements has been considered while deriving the fund position of the school.

5. Directorate's order no F.DE.15(15) PSB/2019/1478-1482 dated 07.02.2019 issued post evaluation of the proposal for enhancement of fee for the academic year 2017-18, the school was directed to refund the increased fee of INR 24,39,005 collected without obtaining the prior approval from the Directorate of Education. On review of the audited financial statements it was noted that the school presented this amount as liability in its audited financial statements for FY 2018-19. Accordingly, INR 24,39,005 collected by the school without obtaining prior approval has been considered while deriving the fund position of the school with the direction to the school either to refund or adjust this amount against future dues of the students. During the personal

hearing school was asked to submit the details whether the school has been collecting the increased fee in FY 2018-19 or not. But the school did not submit these details to the department. In the absence of complete information, actual amount collected by the school on account of increased fee for FY 2018-19 could not ascertained. Accordingly, no impact has been given while calculating the fund position of the school.

B. Other Observations

1. 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."*

Para no. 22 of Order No. F.DE./15(56)/ Act/2009/778 dated 11 Feb 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."*

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 on 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 aforementioned Guidance Note 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).

The information provided by the school were taken on record, it has been noted that the school charges earmarked levies in the form of Activity Fees, Science Fees and Orientation Fees from students. However, the school has not maintained separate fund accounts for the above-mentioned earmarked levies and the school was directed by this directorate through its order no F.DE.15(15) PSB/2019/1478-1482 dated 07.02.2019 issued for academic session 2017-18 to maintain separate fund account depicting clearly the amount collected amount utilised and balance amount for each earmarked levy collected from 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. The details of calculation of surplus/deficit, based on financial statements is given below:

| Particulars | Activity Fees | Science Fees | Orientation Fees |
|-----------------------------------|---------------|--------------|------------------|
| For the year 2016-17 | | | |
| Fee Collected during the year (A) | 1,26,24,240 | 14,28,230 | 6,25,000 |

| Particulars | Activity Fees | Science Fees | Orientation Fees |
|--------------------------------------|--------------------|------------------|-------------------|
| Expenses during the year (B) | 60,20,138 | 7,03,284 | 11,69,715 |
| Difference for the year (A-B) | 66,04,102 | 7,24,946 | (5,44,715) |
| For the year 2017-18 | | | |
| Fee Collected during the year (A) | 1,33,42,353 | 20,23,890 | 6,75,000 |
| Expenses during the year (B) | 70,91,043 | 9,02,099 | 3,54,027 |
| Difference for the year (A-B) | 62,51,310 | 11,21,791 | 3,20,973 |
| For the year 2018-19 | | | |
| Fee Collected during the year (A) | 1,36,28,470 | 18,44,515 | 5,10,986 |
| Expenses during the year (B) | 94,12,750 | 9,11,959 | 5,70,498 |
| Difference for the year (A-B) | 42,15,720 | 9,32,556 | (59,512) |
| Total | 1,70,71,132 | 27,79,293 | (2,83,254) |

Based on the above provisions, the earmarked levies are to be collected only from the user students availing the service/facility. In other words, if any service/facility has been extended to all the students at the school, a separate charge should not be levied for the service/facility as the same would get covered either under 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 collection of capitation fee in other manner and form. The school is charging Activity Fee from the students of all classes. Thus, the fee charged from all students loses its character of earmarked levy, being a non-user-based fees. Thus, the school should not charge "Activity Fee" as earmarked fee. The expenses relating to these services / facilities shall be incurred from tuition fee and annual charges, as the case maybe.

Thus, the school is hereby directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus/deficit, if any, generated from earmarked levies shall 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.

2. 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." Further, Para 102 of the aforementioned Guidance Note 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/utilisation 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 utilisation of each fund balance;
- (d) Restrictions, if any, on the utilisation of specific assets."



From review of the audited financial statements for FY 2018-19, it has been noted that on utilisation of development fund for purchase of asset, the school has treated development fund as deferred income to the extent of the cost of asset but has not transferred to the credit of income and expenditure account in proportion of depreciation charged every year on the assets purchased out of development fee. Therefore, school is directed to make necessary adjustments in development utilisation and general reserve as outlined in para 99 of guidance note on accounting by schools. This is being accounting issue not financial impact has been given while deriving the fund position of the school.

3. As per Order No. F.DE-15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16.04.2016 "The Director hereby specify that the format of return and documents to be submitted by schools under rule 180 read with Appendix-II of the Delhi School Education Rules, 1973 shall be as per format specified by the Institute of Chartered Accountants of India, established under Chartered Accountants Act, 1949 (38 of 1949) in Guidance Note 21 on Accounting by Schools (2005) or as amended from time to time by this Institute."

Further, Para 58(i) of the Guidance Note states "A school should charge depreciation according to the written down value method at rates recommended in Appendix I to the Guidance Note."

On review of audited Financial Statements for the FY 2018-19, it has been noted that the depreciation on fixed assets have been provided on written down value method at the rates prescribed in the Income Tax Rules, 1962. Therefore, the school is directed to provide depreciation on assets in accordance with the guidance note cited above.

As per para 67 of the Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, "*The financial statements should disclose, inter alia, the historical cost of fixed assets*". While on review of Financial Statements, it has been noticed that the fixed assets purchased out of general fund are shown at written down value and the fixed assets purchased out of development fund are shown at gross block. Which is not consistent with the Guidance Note, Thus, the school is hereby directed to comply with the requirements of Guidance Note issued by ICAI.

4. As per the condition of Land allotment letter, the School shall not increase the rate of any fee without prior sanction of the Directorate of Education and shall follow the provisions of Delhi Education Act/ Rules, 1973 and other instruction issued from time to time. Accordingly, the Directorate of Education sought online proposals from the Schools which was allotted land by Land owning agencies having condition of obtaining prior approval from the Directorate of Education vide Order No. F. DE-15/ACT-I/WPC-5256/16/9352/-9359 dated 16.04.2016. However, on review of the fee receipts provided by the school it has been observed that the school had increased the Tuition Fee by 19% in FY 2019-20 without obtaining prior approval from the Directorate of Education. Therefore, the school is directed to roll back the increase fee or adjust the excess amount collected by the school against the future fee receivable from the students.
5. The school is not complying with the DOE Order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 as well as condition specified in the land allotment letter which require to provide 25% reservation for children belonging to EWS category. Since, the school is not complying with the aforesaid order, the concerned DDE are required to look into the matter. The



admission allowed under EWS/ Free ship during the FY 2016-17, FY 2017-18 and FY 2018-19 are as under:

| Particulars | FY 2016-17 | FY 2017-18 | FY 2018-19 |
|-------------------|------------|------------|------------|
| Total Students | 2,309 | 2,447 | 2,493 |
| EWS Students | 340 | 400 | 441 |
| % of EWS students | 15% | 16% | 18% |

6. As per Section 18(5) of the DSEA, 1973, the management 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.

Further, Rule 180 of DSER, 1973 states “ (1) every unaided recognised private schools shall submit the returns and documents in accordance with Appendix-1, (2) Every return or documents referred to in sub-rule (1), shall be submitted to the Director by the 31st day of July of each year.(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 any officers authorised by the Comptroller and Auditor General of India”

And Section 24 (2) of DSA. 1973 states “The Director may arrange special inspection of any school on such aspects of its working as may, from time to time, be considered necessary by him”.

Whereas Appendix-II to Rule 180 specify that “final accounts i.e., receipts, and payments account, income and expenditure account and balance sheet of the preceding year should be duly audited by Chartered Accountant.

It has been noticed that Financial Documents/ Certificates Attested by third person misrepresenting themselves as CA Members are misleading the Authorities and Stakeholders. ICAI is also receiving number of complaints of signatures of CAs being forged by non CAs.

To curb such malpractices, the Professional Development Committee of ICAI has come out with an innovative concept of UDIN i.e., Unique Document Identification Number which is being implemented in phased manner. It will secure the certificates attested/certified by practicing CAs. This will also enable the Regulators/Banks/Third parties to check the authenticity of the documents.

Accordingly, the Council in the 379th meeting of ICAI held on 17.12.2018 and 18.12.2018, made mandatory for all practicing member to obtain 18 digits UDIN before issuing any audits reports/ certification etc. in the following manner:

- All Certification done by Practising CAs w.e.f. 01.02.2019.
- All GST & Tax Audit Reports w.e.f. 01.04.2019.
- All other attest functions w.e.f. 01.07.2019.

However, on examination of the financial statements submitted by the school for evaluation of fee increase proposal for FY 2019-20, it been has observed that the financial statements of the school were certified by the Chartered Accountant without mentioning the UDIN as required by the council. This being the procedural observation therefore, the school management are instructed to ensure this compliance from the Auditor of the school.

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 **15,35,70,611** out of which cash outflow in the FY 2019-20 is estimated to be INR **16,27,04,806**. This results in net deficit of INR **91,34,195** 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 | 1,28,21,201 |
| Investments as on 31.03.19 as per Audited Financial Statements of FY 2018-19 | 8,60,46,324 |
| Liquid Fund as on 31.03.2019 | 9,88,67,525 |
| Add: Renovation of building neither reported in income and expenditure account nor as capital expenditure in the balance sheet (Refer Financial Observations No.1) | 1,65,10,529 |
| Add: Fees for FY 2018-19 as per Audited Financial Statements (Refer Note 1 Below) | 11,16,13,605 |
| Add: Other income for FY 2018-19 as per Audited Financial Statements (Refer Note 1 Below) | 64,90,271 |
| Total Available Funds for FY 2019-20 | 23,34,81,930 |
| Less: FDR with joint name of School Manager and CBSE as on 31.03.2019 | 8,82,167 |
| Less: FDR with joint name of School Manager and DOE as on 31.03.2019 | 13,705 |
| Less: FDR with joint name of School Manager and DOE against 3months salary reserve. | 1,65,00,000 |
| Less: Development Fund as on 31.03.2019 | 61,11,655 |
| Less: Earmarked Investment with LIC towards Gratuity (Refer Financial Observations No.2) | 4,35,11,298 |
| Less: Earmarked Investment with LIC towards Leave Encashment (Refer Financial Observations No.2) | 1,00,34,689 |
| Less: Caution Money as on 31.03.2019 (Refer Financial Observations No.4) | 4,18,800 |
| Less: Adjustment of arrears of fee collected. (Refer Financial Observations No.5) | 24,39,005 |
| Net Available Funds for FY 2019-20 | 15,35,70,611 |
| Less: Budgeted expenses as per the Budgeted Financial Statement for the Financial Year 2019-20. (Refer Note 2 below) | 12,32,14,000 |
| Less: Salary arrears as per 7th CPC from the Jan 2016 to Mar 2019 (As per School Submission) (Refer Note 3 below) | 3,94,90,806 |
| Estimated Deficit | 91,34,195 |

Note 1: Fee and income as per audited Financial Statements of FY 2018-19 has been considered with the assumption that the amount received in FY 2018-19 will at least accrue during FY 2019-20.

Note 2: All budgeted expenditure of the school has been considered while deriving the fund position of the school for the FY 2019-20 except Depreciation amounting to INR 40,00,000 being non-cash expense because it would not result in actual cash outflow.

Note 3: The school provided INR 3,94,90,806 towards salary arrears payable on account of implementation of 7th CPC from January 2016 to March 2019 which has been considered while deriving the fund position. As per the information/documents submitted by the school, it was noted that the school has implemented the recommendation of 7th CPC with effect from April 2019.

Note 4: The school has lien FDR of INR 86,41,240 in compliance with JADSC's order. As the matter is under trial before the Hon'ble High Court of Delhi, the same has not been considered while deriving the fund position of the school.

- ii. In view of the above examination, it is evident that the school does not have surplus fund to meet its budgeted expenditure for the academic session 2019-20 at the existing fee structure. In this regard, the directions issued by the Directorate of Education vide circular no. 1978 dated 16.04.2010 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."

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 along with certain financial and other observations that the sufficient funds are not 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 accepted.

AND WHEREAS, recommendation of the team of Chartered Accountants along with relevant materials were put before the Director (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 funds are not available with the school for meeting financial implication for the academic session 2019-20.

AND WHEREAS, it is also noticed that School has incurred INR 1,65,10,529 for upgradation of building. Thus, the school is directed to recover INR 1,65,10,529 from the society. The amount of above receipt along with copy of bank statement showing the receipt of above-mentioned amount should be submitted with DoE, in compliance of the same, within thirty days from the date of issuance of this order. Non-compliance of this shall be taken up as per DSEA&R, 1973.

AND WHEREAS, it is relevant to mention that Covid-19 pandemic had a wide spread impact on the entire society as well as on general economy. Further, charging of any arrears on account of fee for several months from the parents is not advisable not only because of additional sudden burden fall upon the parents/students but also as per the past experience, the benefit of such

collected arrears are not passed to the teachers and staff in most of the cases as was observed by the Justice Anil Dev Singh Committee (JADSC) during the implementation of the 6th CPC. Keeping this in view, and exercising the powers conferred under Rule 43 of DSER, 1973, the Director (Education) has accepted the proposal submitted by the school and allowed an increase in fee by 10% to be effective from 01st July 2022.

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 status within 30 days from the date of this order to the D.D.E (PSB).

Accordingly, it is hereby conveyed that the proposal for fee increase for the academic session 2019-20 of **Maharaja Agarsain Model School, Pitampura, New Delhi- 110088 (School Id: 1411182)**, is hereby accepted by the Director (Education) and the school is allowed to increase its fee by 10% to be effective from 01 July 2022.

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

1. To increase the fee only by the prescribed percentage from the specified date.
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
Maharaja Agarsain Model School,
Pitampura, New Delhi- 110088 ,
(School Id: 1411182)

No. F.DE.15(687)/PSB/2022/ 4080-4084

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 (North 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