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

No. F.DE.15(515)/PSB/2022/2915-2919 **Dated:**12/05/22

ORDER

WHEREAS, **Suraj Bhan D.A.V Public School (School ID-1720156), Vasant Vihar, Delhi-110057,** (hereinafter referred to as **"the School"**), run by the **DAV 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 this Directorate, **Suraj Bhan D.A.V Public School (School ID-1720156), Vasant Vihar, Delhi-110057** 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 16.10.2019 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(92) PSB/2019/1485-1487 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 after evaluation of fee proposal of the school the key observations and status of compliance against order no. FDE15 (92) PSB/2019/1485-1487 dated 07.02.2019 issued for academic session 2017-18 are as under:

A. Financial Observations

1. 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 & Ors.*** (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
c) 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.
d) 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 fees by 15% and 10% during FY 2017-18 and FY 2018-19 without prior approval of the Directorate though vide order no. FDE15(92) PSB/2019/1483-1487 dated 07.02.2019 for session 2017-18 its proposal for fee increase was rejected. Further, development fund charges of INR 232 per month has been included in tuition fee from FY 2018-2019 without prior approval of the Directorate.

The summary of school fee charged for FY 2016-17, FY 2017-18 and FY 2018-19 are as follow:

Particular	FY 2016-17	FY 2017-18	FY 2018-19
Tuition fee per month	2880	3560	4360
Annual Charges	3500	3500	4000
Development fee per month	432	432	232

The details 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 2017-18 and 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.

2. As per direction no. 2 included in the 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 Oct 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.*"

Accordingly, 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.

However, as per order no. FDE15(92) PSB/2019/1483-1487 dated 07.02.2019 issued for academic session 2017-18 it was noted that in FY 2014-15, 2015-16 and 2016-17 the school funds (development funds) amounting INR 43,54,888 were utilised for capital expenditure on construction of building in contravention of aforesaid public notice and High court judgement and Rule 177 of DSER, 1973. School was directed to recover the aforesaid amount from the society running the school. However, during personal hearing, school has submitted that it has not recovered any amount from the society as this expenditure is related to repair and maintenance of the building. School submission cannot be considered as the expenditure incurred was of capital nature and the auditor of the school for that year in question has issued unqualified report and thus, signifies that the expenditure incurred by the school is related to building only.

Accordingly, this amount of INR 43,54,888 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.

Further, on review of audited Financial Statements of the school for FY 2017-18 and FY 2018-19 reflected additions to building of INR 3,22,701 which should have been incurred by the Society. Accordingly, amount of INR 43,54,888 included in previous order together with INR 3,22,701 paid towards reconstruction of building from school fund totalling to INR 46,77,589 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.

3. 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.

However, as per order no. FDE15(92) PSB/2019/1483-1487 dated 07.02.2019 issued for academic session 2017-18, it was noted that the school has transferred funds of INR 3,29,47,676 to the society in contravention of judgement of Hon'ble Supreme Court in the matter of Modern School Vs Union of India & Others and the provisions of Rule 177 of DSER, 1973 and other orders and instructions issued from time to time by the Department. However, during personal hearing, school has submitted that it has not recovered any amount from the society.

Accordingly, this amount of INR 3,29,47,676 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.

4. As a practice adopted by the schools under the management of DAV CMC, the school provides for Gratuity and Leave encashment expense @ 7% and 3% respectively of Basic Pay and Dearness Allowance, which is transferred to DAV CMC. DAV CMC in turn manages and maintains the common pool of funds for all schools under its management and uses the same for payment of gratuity and leave encashment liability as and when the same arises in respect of the staff of respective school at the time of his/her resignation/ retirement.

During personal hearing, the school has submitted that actuarial valuation for gratuity and leave encashment as at 31.03.2019 have been taken but has not make any investments in the 'Plan Assets' as defined in AS-15 issued by the Institute of Chartered Accountants of India (ICAI). 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."

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).

The summary of total liability and amount of invested in plan assets for FY 2016-17, FY 2017-18 and FY 2018-19 are as follow:

Particular	Value determined by the Actuary	Provision in Books of Accounts	Investment made in Plan Assets
Retirement benefits for FY 2016-17	-	-	-

Retirement benefits for FY 2017-18	-	4,21,55.043	-
Retirement benefits for FY 2018-19	6,44,30,446	4,61,08,367	-

It has been submitted by the school that the society is in the process of making investments in the 'Plan Assets' within the meaning AS-15 Employee Benefits and require at least 3-6 months for making investments as the society is running approximately 40 private unaided schools in Delhi and also, these investments are made in govt. securities and FDRs and any premature withdrawal or redemption will lead to loss to the society and the school. The similar submission was also made by the members of the DAV CMC to the Director, Education. However, school as well as the society, which is managing the school, have failed to comply with the directions of this Directorate for last 2-3 years and therefore, it was made clear to the members of the society that failing to make appropriate investments in 'Plan Assets' as per AS-15 Employee Benefits will be treated as non-compliance of directions of the Directorate and the amount deposited in the gratuity pool fund and leave encashment pool fund with DAV CMC will treated as fund available with the school in the evaluation of fee proposal of the school.

Accordingly, the amount paid to DAVCMC of INR 4,61,08,367 is hereby added to the fund position of the school considering the same as funds available with the school and with the direction to invest the amount against liability for retirement benefits in investments that qualifies as 'plan-assets' in accordance with Accounting Standard 15 within the aforesaid period.

5. On review of audited financial statements of the school and further, as per discussion with the school during personal hearing, the school has explained that administration charges were paid to DAV CMC at the rate of 4% of the basic salary paid by the school to its staff till 2016-17. From FY 2017-18, the DAVCMC has started to charge from school administrative charges @7% of the basic salary.

In order no. FDE15(92) PSB/2019/1483-1487 dated 07.02.2019 issued for session 2017-18, it was directed not to pay administrative charges @7% of the basic pay. Considering that the basic salary of the staff at school has also increased substantially on account of implementation of 7th CPC during FY 2017-2018, administrative charges should be allowed @ 2% of basic salary.

However, on review of audited Financial Statements for FY 2017-18 and FY 2018-19, it was noted that the school has provided administration charges @ 7% of basic salary and grade pay, which resulted in excess expenditure of INR 37,80,033 and INR 38,66,322 recorded in FY 2017-2018 and FY 2018-19. Thus, total amount of INR 76,46,355 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.

6. Directorate's Order No. FDE15(92) PSB/2019/1483-1487 dated 07.02.2019 issued to the school post evaluation of the proposal for enhancement of fee for FY 2017-2018 directed the school to maintain

liquidity in the form of investment of 3 months salary in the joint name of Deputy Director of Education and Manager of the school.

The school submitted copies of fixed deposits with bank totalling to INR 4,60,00,000 invested during FY 2018-2019, which were described as created towards Contingency (Salary) Reserve fund of the school. However, the FDRs submitted by the school were made in the name of the school, but not in the joint name of the school and Deputy Director of Education as per the directions given above.

Thus, the FDRs submitted by the school does not comply the requirements of the directions included in aforementioned order. Thus, the school is directed to create fixed deposits in the joint name of the Manager of the School and Deputy Director of Education for and submit the same to the Directorate within 30 days from the date of this order. Accordingly, this amount of INR 4,60,00,000 is hereby added to the fund position of the school (enclosed in the later part of this order) considering the same as funds available with the school.

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 etc. 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.

Also, as per Guidance Note 21 Accounting by Schools issued by the ICAI, earmarked levies collected from students are a form of restricted funds, and which are required to be credited to a separate fund account when the amount is received and reflected separately in the Balance Sheet. The above-mentioned 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 ('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, school has not been following fund-based accounting in accordance with the principles laid down by aforesaid Guidance Note.

The similar observation was also noted in Order No. FDE15(92) PSB/2019/1483-1487 dated 07.02.2019 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, 2017-18 and 2018-19 are as follows:

(Amount in INR)

Particulars	**Computer Fee #**	**Transport Fee**	**Science Fee**
For the year 2016-17			
Fee Collected during the year (A)	59,12,950	1,94,27,630	9,59,700
Expenses during the year (B)	4,19,898	1,16,97,822	8,35,909
Difference for the year (A-B)	**54,93,052**	**77,29,808**	**1,23,791**
For the year 2017-18			
Fee Collected during the year (A)	59,72,250	1,89,66,600	7,74,700
Expenses during the year (B)	3,67,421	1,52,74,325	20,73,176
Difference for the year (A-B)	**56,04,829**	**36,92,275**	**(12,98,476)**
For the year 2018-19			
Fee Collected during the year (A)	55,30,950	1,83,57,800	6,52,500
Expenses during the year (B)	5,89,365	1,54,22,423	21,28,302
Difference for the year (A-B)	**49,41,585**	**29,35,377**	**(14,75,802)**
Total	**1,60,39,466**	**1,43,57,460**	**(26,50,487)**

#School has not followed fund based accounting for earmarked levies and thus, not showing expenditure incurred exclusively against these earmarked fee and therefore, aforesaid surplus/ (deficit) amount calculated above may get revised upon correct presentation of expenses against these earmarked fees.

In view of aforesaid orders, it is noted that school has not complied with legal positions laid for charging, collecting and accounting of earmarked levies and thus, not complied with the aforesaid directions stated in order dated 07.02.2019. Therefore, school is again 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, 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.

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, the recognised private unaided school can collect following fees from the students/ parents:
   - Registration Fee
   - Admission Fee
   - Caution Money
   - Tuition Fee
   - Annual Charges
   - Earmarked Levies
   - Development Fee

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

   However, as per Order No. FDE15(92) PSB/2019/1483-1487 dated 07.02.2019 issued for academic session 2017-18 it was noted that School's fee structure include pupil fund, which is collected from all students and based on details submitted by the school, utilised on co-curricular activities, repair & maintenance, In-Service Education, etc. The 'Pupil Fund' fee has not been defined for recognised private unaided school and the purposes for which the school has utilised the same is covered under 'Annual Charges' collected by the school from students and thus, the school was directed not to collect pupil fund from students with immediate effect. For the purpose of evaluation of the fee increase the pupil fund fee has been included in the income while deriving the fund position of the school. School has not stopped the collection of pupil fund and therefore, is directed to stop the collection of Pupil fund immediately.

3. 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, on review of audited financial statements for FY 2017-18 and 2018-19 it has been noted that the school has transferred an amount equivalent to the purchase cost of the assets from development fund to general reserve fund instead of accounting treatment as indicated in the guidance note cited above. Thus, school is not creating deferred income account in compliance of aforesaid para 99 of GN-21.

Similar observation was also noted in Order No. FDE15(92) PSB/2019/1483-1487 dated 07.02.2019 issued for academic session 2017-18 that the school do not follow para 99 of GN -21 and has not created deferred income account. School was directed to comply the requirements of para 99 and make necessary rectification entries in compliance of them. It was also noted that school prepares consolidated fixed assets schedule for its total fixed assets and has not prepared separate fixed assets schedule for fixed assets purchased out of development fund and fixed assets purchased from other reserves/ funds. Therefore, the school was directed to prepare separate fixed assets schedule for assets purchased against development fund and other assets purchased against general reserves. School is yet to comply this direction too and therefore, is again directed to prepare separate fixed assets schedule for fixed assets purchased against development fund and fixed assets purchased against general reserves. This being a procedural observation, the school is instructed to make necessary rectification entries relating to development fund to comply with the accounting treatment indicated in the Guidance.

4. Directorate's Order No. FDE15(92) PSB/2019/1483-1487 dated 07.02.2019 issued to the school post evaluation of the proposal for enhancement of fee for FY 2017-2018 noted that school has prepared a Fixed Assets Register (FAR) that only captures asset name and amount and directed the school to include details such as 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 complete details of assets at one place.

During the personal hearing, school mentioned that it will make recommended changes from FY 2019-20 onwards. The school is hereby directed to update the FAR with relevant details mentioned above. The above being a procedural observation, no financial impact is warranted for deriving the fund position of the school.

5. 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(92) PSB/2019/1483-1487 dated 07.02.2019 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 years. 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 31.03.2019 against caution money has been considered while deriving the fund position 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 year Academic session 2019-20 amounting to INR **34,15,39,385** out of which cash outflow is estimated to be INR **19,11,73,928**. This results in net surplus of INR **15,03,65,457**. The details are as follows:

Particulars	**Amount (INR)**
Cash and Bank balances as on 31.03.19 (as per audited Financial Statements of FY 2017-18)	2,08,00,362
Investments (Fixed Deposits) as on 31.03.19 (as per audited Financial Statements of FY 2017-18)	9,39,15,492
Current Account Balance with Schools/ Colleges as on 31.03.2019 (as per audited Financial Statements of FY 2018-19) **(Refer financial observation 4)**	4,61,08,367
Liquid funds as on 31.03.2019	**16,08,24,221**
Add: Fees for FY 2018-19 as per Audited Financial Statements (On the assumption that the amount received in FY 2018-19 will at least accrue in FY 2019-20)	14,78,28,276
Add: Other income for FY 2018-19 as per audited Financial Statements (On the assumption that the amount received in FY 2018-19 will at least accrue in FY 2019-20)	77,64,791
Add: Recovery of amount against Building **(Refer financial observation 2)**	46,77,589
Add: Reserve/ Capital fund with DAV CMC and interest on reserve/ capital fund for FY 2017-18 and 2018-19 **(Refer financial observation 3)**	3,29,47,676
Add: Recovery of excess administration charges from DAV CMC **(Refer financial observation 5)**	76,46,355
Less: FDR against specific funds (Endowment fund including interest for payment of scholarships to students)	2,00,000
Less: Development Fund balance as on 31.03.2019 (as per audited financial statements of FY 2017-18)	1,83,75,723
Less: Salary Reserve **(Refer financial observation 6)**	-
Less: Caution Money as on 31.03.2019	15,73,800
Less: Retirement benefits **(Refer financial observation 4)**	-

Available Funds for FY 2019-20	**34,15,39,385**
Total Cash Outflow (Revenue Expenditure + Capital Expenditure - Depreciation) (Refer Note 1 below)	19,11,73,928
Cash Surplus/(Deficit)	**15,03,65,457**

Note 1: As per the Budgeted Receipt and Payment Account for FY 2019-2020 submitted by the school along with proposal for fee increase, the school had estimated the total expenditure during FY 2019-2020 of INR **20,97,24,300** which in some instances was found to be unreasonable/ excessive. Based on the explanations and details provided by the school during personal hearing, most of the expense heads as budgeted were considered even though certain expenditures were increased substantially by the school as compared to FY 2018-2019. However, during review of budgeted expenses, observations were noted in some of the expense heads, which were adjusted from the budgeted expenses. The same were discussed during personal hearing with the school. Therefore, the following expenses have been adjusted while considering the budgeted expenses for FY 2019-2020:

Particulars	**FY 2018-2019**	**FY 2019-2020**	**Amount allowed**	**Amount Disallowed**	**Remarks**
Administrative Charges paid by Schools	15,46,509	59,24,000	16,92,414	42,31,586	Refer Financial Observation No. 5
Function	10,55,919	37,00,000	12,00,000	25,00,000	Reasonable justification/ explanation was not provided by the school for such increase in the expenses as compared with that incurred in FY 2018-2019.
Building Repair and maintenance	65,73,831	1,25,00,000	72,31,214	52,68,786	
Furniture & Fixture purchase	4,52,319	1500000	5,00,000	10,00,000	
Computer purchase	92,571	12,00,000	1,50,000	10,50,000	
Electrical Equipment's	4,30,320	50,50,000	5,50,000	45,00,000	
Total	**1,01,51,469**	**2,98,74,000**	**1,13,23,628**	**1,85,50,372**	

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 2019-20 at 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, as per direction no. 2 of Public Notice dated 04.05.1997, it is the responsibility of the society who has established the school to raise funds from their own sources or donations from the other associations for construction of building because the immovable property of the school becomes the sole property of the society. Further, Hon'ble High Court of Delhi in its judgement dated 30.10.1998 in the case of Delhi Abibhavak Mahasangh concluded that tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society. Thus, the additions to the building of INR 46,77,589 should not be met out of the fee collected from students and is required to be recovered from the society within 30 days from the date of this order.

AND WHEREAS, 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. However, as per order no. FDE15(92) PSB/2019/1483-1487 dated 07.02.2019 issued for academic session 2017-18, it was noted that the school has transferred funds of INR 3,29,47,676 to the society in contravention of judgement of Hon'ble Supreme Court in the matter of Modern School Vs Union of India & Others and the provisions of Rule 177 of DSER, 1973 and other orders and instructions issued from time to time by the Department. Accordingly, this amount of INR 3,29,47,676 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.

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 2019-20. Accordingly, the fee increase proposal of the school may be rejected.

AND WHEREAS, recommendation of the team of Chartered Accountants along with relevant materials wzere 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 2019-20.

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 the academic session 2019-20 of **Suraj Bhan D.A.V Public School (School ID-1720156), Vasant Vihar, Delhi-110057** 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 2019-20. In case, the school has already charged increased fee during FY 2019-20, 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
Suraj Bhan D.A.V Public School (School ID-1720156),
Vasant Vihar, Delhi-110057
No. F.DE.15(505)/PSB/2022/2915 – 2919

Dated: 12/05/22

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 A) 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