

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

No. F.DE.15(1071)/PSB/2022/10047-10051

Dated: 16/12/22

Order

WHEREAS, Arunodaya Public School (School ID- 1001162), 1-A Karkardooma Institutional Area Vikas Marg Delhi - 110092, (hereinafter referred to as "the School"), run by the Arunodaya Education 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, the manager of every recognized 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.'*

Thus, the Director (Education) has the authority to examine the full statement of fees filled under section 17(3) of the DSEA, 1973 and returns and documents submitted under section 18(5) of DSEA, 1973 read with rule 180(1) of DSER, 1973.

AND WHEREAS, besides the above, the Director (Education) is also required to examine and evaluate the fee increase proposal submitted by the private unaided recognized schools for some of the schools which have been allotted from Director (Education) before any increase in fee.

AND WHEREAS, 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/2019/4440-4412 dated 08.06.2022, 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 academic session 2022-23.

AND WHEREAS, in pursuance to order dated 08.06.2022 of the DOE, the school submitted its proposal for fee increase for the academic session **2022-23**. Accordingly, this order dispenses the proposal for fee increase submitted by the school for the academic session **2022-23**.

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 expert Chartered Accountants at HQ level who have 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 the DOE.

AND WHEREAS, in the process of examination of fee increase proposal filed by the aforesaid School for the academic session 2022-23, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 19th September 2022 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, on receipt of clarification as well as documents uploaded on the web portal for fee increase and subsequent documents submitted by the school as a result of the personal hearing, were evaluated thoroughly by the team of Chartered Accountants. After evaluation of fee proposal of the school and its subsequent clarifications and submissions, following key suggestions for improvement were noted:

A. Financial Suggestions for Improvement

1. Section 13 (1) of the Right to Education Act, 2009 states that *"no school or person shall, while admitting a child, collect any capitation fee and subject the child or his or her parents or guardian to any screening procedure"*.

Section 13 (2) of the Right to Education Act, 2009 states that *"Any school or person, if in contravention of the provisions of sub-section (1)-*

- a. *receives capitation fee, shall be punishable with fine which may be extended to ten times the capitation fee charged.*
- b. *subjects a child to screening procedures shall be punishable with a fine which may extend to twenty-five thousand rupees for the first contravention and fifty thousand rupees for each subsequent contravention.*

And section 2(b) of the Right to Education Act, 2009 states *"capitation fee" means any kind of donation or contribution or payment other than the fee notified by the school.*

Further, the Supreme Court in its Judgement dated 02 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 and emphasized that every demand of capitation fee by educational institutions is unethical & illegal. It emphasized that commercialization and exploitation are not permissible in the education sector and institutions must run on a 'no-profit-no-loss' basis"*.

The 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,"*

Further, the Hon'ble High Court in LPA 196/2004 in the matter of 'Rakesh Goyal Vs. Montfort School and Section 13(1) of RTE Act, 2009, held that no school or person shall, while admitting a child, collect any Capitation fee/ Donation from the parents. Any school or person who contravenes this provision and receives capitation fee, shall be punishable with a fine which may extend to ten times the capitation fee charged.

In this regard, it is also important to mention here that the school has been allotted land by the land-owning agency only on the sponsorship of the DoE. Therefore, the school is bound to follow all the instructions/directions issued by the DoE under the obligation of land allotment. Additionally, Rule 50 of DSER, 1973 states *"the school is not run for profit to any individual, group or*



association of individual or any other person' and 'the managing committee observes the provisions of the Act and Rules made there under'".

Based on the provisions mentioned above and the pronouncements of the Hon'ble Supreme Court and High Court. The term 'Capitation' is very wide and extensive, and it cannot be restricted only to the amount/contribution received at the time of admission but also includes any kind of collection or donation other than the notified head of fees or collection of unwarranted fee or introduction of any new head in the fee structure etc. whether at the time of the admission of the students or otherwise. In this regard the Directorate vide Order No. DE15/ Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 has already specified the head of fees that a recognized private school can collect from the students/parents. Clause no. 9 of the aforesaid order states "*No fee, fund or any other charge by whatever name called, shall be levied or realized unless it is determined by the Managing Committee in accordance with the directions contained in this order*".

Accordingly, the School cannot introduce any new head of fee in its fee structure or collect any unwarranted fee from the students/ parents other than the specified head of fees provided in the abovementioned order. Therefore, any demand of capitation fee or introduction of the new head of fee other than the notified head of fees would be termed as *commercialization and exploitation of education*, which is not permissible at any cost.

From the documents submitted by the school and based on the discussion held withheld with the school during the personal hearing, it has been observed that the school has been collecting one-time charges of INR 20,000 per student from Nursery to Class III and INR 25,000 per student from Class IV to Class XII in the name of "Development Charges" at the time of admission. However, before financial year 2019-20, this amount was collected by the society which was being utilized for construction/upkeep of the school's building. Collection of one-time charges at the time of admission of the school is nothing but is in the nature of capitation fee which the school is not allowed to collect from the students.

Further, the above collection is not in the nature of development fee in accordance with the clause 14 of the order dated 11.02.2009. Therefore, the development funds balance (i.e., capitation fee) of INR 4,20,28,490 reported by the school in audited financial statements of FY 2021-22 has not been considered.

Additionally, the amount of INR 4,59,85,352 as on 31.03.2022 reported by the school as recoverable from the society on account of the capitation fee has been included while deriving the fund position of the school considering the same as funds available with the school along with the direction to the school to recover this amount from the society within 30 days from the date of this order.

Section 27 of the DSEA, 1973 states that the manager of the school is responsible for looking after the smooth operations of the school and ensuring compliance with the provisions of the DSEAR, 1973, including the direction of the High Court/Supreme Court and other directions/circulars issued by the DoE from time to time. The manager and principal have been bestowed with the power to ensure the proper functioning of the school and to ensure the admission process is transparent. They are jointly and severally responsible in their personal capacity for the levy and collection of the capitation fee and any other unauthorized fee. Therefore, non-compliance by the school with this direction within the stipulated time frame shall be viewed seriously and necessary action against the school shall be initiated without providing further opportunity to be heard.

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.*"

And Para 60 of Guidance Note-21 'Accounting by Schools' (2005) issued by the Institute of Chartered Accountants of India states "*A defined benefit scheme is a scheme under which amounts to be paid as retirement benefits are determined usually by reference to employee's earnings and/or years of service.*"

An appropriate charge to the income and expenditure account for a year should be made through a provision for accruing liability. The accruing liability should be calculated according to actuarial valuation. However, if the school employs only a few persons say less than 50, it may calculate the accrued liability by reference to any other rational method. The ensuing amount of provision for liability should then be invested in "*Plan Assets*" as per AS-15 issued by ICAI.

On review of the documents submitted by the school post personal hearing, it has been noted that the requirement of AS-15 is applicable to the school as it has employed more than 50 staff in a year. The school has created provision for gratuity amounting to INR 1,58,84,702 and INR 75,16,813 towards leave encashment as on March 31, 2022 in accordance with the actuarial valuation report without making any investment in plan assets. The school claimed that it has investment in the form of fixed deposits against gratuity amounting to INR 1,88,84,640 and against leave encashment INR 1,32,19,244 which can be utilised for payment of these liability. But the investment made by the school in the form of fixed deposit are not in accordance with AS-15. The contention of the school is not tenable as investment held by the school in the form of FDR does not qualify as Plan Asset.

Gratuity is the statutory liability which the school is required to pay to their eligible employees on their retirement/resignation, as the case may be. However, over the number of years, the department has noticed that most of the schools have been recording liability for retirement benefits in their financial statements without making any investment in Plan Asset due to paucity of funds or otherwise. Accordingly, many schools keep the retirement benefit 'unfunded', which is not the true spirit of law, and it also defeats the objectives of maintaining of books of accounts as per Generally Accepted Accounting Principles (GAAP) as directed by the Hon'ble Supreme Court in its landmark judgment titled Modern School Vs. Union of India and Ors. Therefore, it has been felt that in order to protect statutory dues of the employees, instead of disallowing the full liability on account of non-investment in Plan Asset, it would be rational to spread this liability over the period of 12 years on the assumption that normally a student studies 14 years in the school. This will not only allow the schools a breather to make an investment in Plan Asset

gradually but also lower down the sudden financial burden of fee on the parents/students on account of huge liability for retirement benefits.

Accordingly, an amount of INR 16,71,537 (i.e., 1/14 of INR 2,34,01,515 (INR 1,58,84,702 + INR 75,16,813)) has been considered while deriving the fund position of the school. Therefore, the school is directed to comply with the direction to the school to invest the aforesaid amount in plan asset in accordance with AS-15 and submit the compliance report within 30 days from the date of issue of this order. In case the school fails to comply with the above directions, the school shall not be allowed further instalments and the amount so allowed to the school shall be recovered from the society/ school management along with interest while evaluating the fee increase proposal for the subsequent year.

3. 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 of FY 2021-22, it has been noted that the school is collecting caution money/security refundable from the students and 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 16,61,050 as on 31.03.2022 as reported in the audited Financial Statements has been considered while deriving the fund position of the school.

B. Other Suggestions for Improvement

1. As per the order dated 19.01.2016 issued by the Hon'ble High Court of Delhi, every recognized unaided school whom land was allotted by DDA shall not increase the rate of fees without the prior sanction of DoE. Further, as per the directions of the Hon'ble 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 collect any fee thereof other than those permitted. Fee/funds collected from the parents/students shall be utilized strictly in accordance with rules 176 and 177 of the Delhi School Education Rules, 1973.
 - c) If any school has collected fee in excess of that determined as per procedure prescribed here-above, the school shall refund/adjust the same against subsequent instalments of fee payable by students.

Clause 9 of order No 1978 dated 16.04.2010 states, *"School shall not introduce any new head of accounts or collect any fee thereof other than those permitted"*. And Fee/Funds collected from the parents /students shall be utilized strictly in accordance with rules 176 and 177 of the DSER, 1973.

On review of the fee receipts and structure submitted by the school for the FY 2019-20 to 2021-22, it was noted that the school was collecting fees under different heads of income other than those permitted by the Department. The following heads of income are mentioned below in tabular form:

Particulars	Nursery/Pre-Primary	I-III	IV-VI	VII-VII	IX-X	XI-XII
Examination fee	300	300	400	400	500	500
Medical fees	500	500	500	500	500	500
Other Activity charges	100	100	100	100	100	100

However, in accordance with the above-mentioned provision the collection of examination fee, medical fees, and other activity charges are not the specified head of the fee. Therefore, the school is directed not to charge fee under such heads with immediate effect.

2. 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."*

Clause 21 of Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 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."*

Clause 22 of Order No. F.DE /15(56)/ Act/2009/778 dated 1.02.2009 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 states *"Earmarked levies shall be charged from the user student only."*

Rule 176 states *"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 at 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 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.

From the information provided by the school post personal hearing, it has been noted that school charges earmarked levies in the form of Transport fee, Computer & IT fee and Science fee from the students but has not maintained fund-based accounting. The surplus/deficit generated by the school from these earmarked levies in last three financial years are as under

Particulars	Transport fees	Computer & IT fees**	Science fees
For the year 2019-20			
Fee Collected during the year (A)	65,53,200	3,48,600	6,92,100
Expenses during the year (B)	62,76,923	65,890	30,407
Difference for the year (A-B)	2,76,277	2,82,710	6,61,693
For the year 2020-21			
Fee Collected during the year (A)*	-	-	-
Expenses during the year (B)	41,014	-	13,102
Difference for the year (A-B)	(41,014)	-	-13,102
For the year 2021-22			
Fee Collected during the year (A)*	-	7,82,160	6,21,180
Expenses during the year (B)	79,833	-	17,064
Difference for the year (A-B)	(79,833)	7,82,160	6,04,116
Total (Surplus)	1,55,430	10,64,870	12,52,708

*School has not collected Transport fee during FY 2020-21 and FY 2021-22 and Computer IT and Science fee during FY 2020-21.

**School has not provided details of expenses against computer & IT fees during FY 2020-21 and 2021-22.

The school is 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 must be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should also 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 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.

3. According to the Directorate of Education Order No F. DE.-15/Act-I/WPC-4109/Part/13/7905-7913 dated 16.04.2016, In exercise of the powers confirmed by Clause (xviii) of Rule 50 and Rule 180 of the Delhi School Education Rules, 1973, the Director specified 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 Accountant of India, established under Chartered Accountant Act 1949 (38 of 1949) in Guidance Note on Accounting by the Schools (2005).

Further, Para 58(i) of the abovementioned Guidance Note states that "A school should charge depreciation according to the written down value method at the rates recommended in Appendix I to the Guidance Note- 21."

Para 67(ii) of Guidance Note-21 issued by the Institute of Chartered Accountants of India, states "*The financial statements should disclose, inter alia, the historical cost of fixed assets.*"

On review of audited Financial Statements for the FY 2021-22, 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. Further, the school has practice of reflecting its fixed assets at written down value.

Accordingly, school is directed to charge depreciation on assets in accordance with the guidance note cited above and the school is also directed to disclose fixed asset at gross value on the face of balance sheet on the assets side and the accumulated depreciation on liability side of the Balance Sheet.

4. The Directorate vide its order No. F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 directed that the school shall provide 25% reservation to children belonging to EWS category. Even as per the land allotment letter, the school is required to provide free ship to students belonging to weaker section. However, as per the information provided by the school for FY 2019-20 to FY 2021-22, it has been noted that the school was not complying with the abovementioned DOE's Order and condition mentioned in the land allotment letter which provides for granting of free ship to the extent of 25% to the children belonging to EWS category. The details of total students and EWS students for the FY 2019-20 to 2021-22 are tabulated below:

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
EWS	279	291	297
Total Strength	1,587	1,580	1480
% Of EWS students to total strength	17.58%	18.42%	20.07%

Therefore, school is directed to comply with the directions and DDE District is requested to look into this matter and ensure compliance with the above requirements.

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 2022-23 amounting to INR **12,30,12,681** out of which cash outflow in the FY 2022-23 is estimated to be INR **10,24,19,924**. This results in surplus of INR **2,05,92,757** for FY 2022-23 after all payments. The details are as follows:

Particulars	Amount (in INR)
Cash and Bank balances as on 31.03.22 as per audited financial statements	89,58,880
Investments as on 31.03.22 as per audited financial statements (Refer Note 1 below)	5,69,31,307

Particulars	Amount (in INR)
Liquid Funds Available with the School as on 31 Mar 2022	6,58,90,187
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 2 below)	3,92,29,200
Add: Other income for FY 2021-22 as per Audited Financial Statements (Refer Note 2 below)	32,31,453
Net available funds for FY 2022-23	10,83,50,840
Add: Amount recoverable from Society towards development fee (Refer Financial Suggestion No 1)	4,59,85,352
Less: Development fund bank balance as on 31.03.2022 as per audited financial statements (Refer Financial Suggestion No. 1)	-
Less: Fee Refundable/Adjustable as on 31.03.2022 as per audited financial statement	96,79,970
Less: Gratuity and Leave Encashment fund balance (Refer Financial Suggestion No 2)	16,71,537
Less: Caution money fund as on 31.03.2022 as per audited financial statement (Refer Financial Suggestion No 3)	16,61,050
Less: FDR against salary reserve as on 31.03.2022 as per audited financial statement (Refer Note 1 below)	1,65,24,058
Less: FDR held jointly with CBSE as on 31.03.2022 as per audited financial statement (Refer Note 1 below)	2,99,447
Less: FDR held jointly with DOE as on 31.03.2022 as per audited financial statement (Refer Note 1 below)	14,87,449
Estimated availability of funds for FY 2022-23	12,30,12,681
Less: Budgeted expenses for the session 2022-23 (after making adjustment) (Refer Note 3 below)	6,31,16,895
Less: Salary arrears as per 7 th CPC (Refer Note 4 below)	3,93,03,029
Estimated Surplus	2,05,92,757

Note 1: The detail of fixed deposit held by the school as per the audited financial statements of FY 2021-22 is provided below:

Particulars	Amount (in INR)	Remarks
FDR against gratuity	1,88,84,640	Available with the school for utilization.
FDR against leave encashment	1,32,19,244	Available with the school for utilization.
FDR against caution money	17,70,409	Available with the school for utilization.
FDR in the joint name of CBSE and manager	2,99,447	Deducted while calculating available funds of the school.
FDR in the joint name of DDE and manager	14,87,449	Deducted while calculating available funds of the school.
FDR against salary reserve	1,65,24,058	As per clause 10 of Form-II of Right of Children to Free and Compulsory Education Act 2009, the schools are required to maintain liquidity equivalent to 3 months' salary and this amount

Particulars	Amount (in INR)	Remarks
		<p>should be invested in the joint name of Dy. Director (Education) and manager of the school. Generally, it is done in the form of FDR in any scheduled bank.</p> <p>As per audited financial statements of the school for the FY 2021-22, it has been noted that school has not created any provision against Salary Reserve fund. However, the school has earmarked investment in the joint name of the Dy. Director and Manager of the school of amounting INR 1,84,14,361. Hence, the same has been considered while calculating the fund position of the school.</p> <p>Further, the school is directed to maintain a salary reserve fund equivalent to the amount of investment for proper accounting.</p>
FDR against scholarship fund	9,39,632	Available with the school for utilization.
FDR against depreciation fund	35,40,823	Available with the school for utilization.
FDR in the name of school	2,65,605	Available with the school for utilization.
Total	5,69,31,307	

Note 2: The Department vide its Order No.F.No.PS/DE/2020/55 dated 18.04.2020 and Order No.F.No.PS/DE/2020/3224-3231 dated 28.08.2020 had issued guidelines regarding the chargeability of fees during the pandemic COVID 2019. The department in both the above-mentioned orders directed to the management of all the private schools not to collect any fee except the tuition fee irrespective of the fact whether running on the private land or government land allotted by DDA/other land-owning agencies and not to increase any fee in FY 2020-21 till further direction.

The department in pursuance of the order dated 31.05.2021 in WPC 7526/2020 of Single Bench of the Hon'ble High Court of Delhi and interim order dated 07.06.2021 in LPA 184/2021 of the Division Bench of Hon'ble High Court of Delhi and to prevent the profiteering and commercialization, again directed to the management of all the petitioners private unaided recognized schools through its Order No. F. No. DE.15 (114) /PSB /2021 /2165-2174 dated 01.07.2021:

- (i) *“to collect annual school fee (only all permitted heads of fees) from their students as fixed under the DSEAR, 1973 for the academic year 2020-21, but by providing deduction of 15% on that amount in lieu of unutilized facilities by the students during the relevant period of academic year 2020-21”. And if the school has collected the fee in excess to the direction issued by the Hon'ble*

Court, the same shall be refunded to the parents or adjusted in the subsequent month of fee or refund to the parents.

- (ii) The amount so payable by the concerned students be paid in six equal monthly instalments w.e.f. 10.06.2021.
- (iii) The above arrangement is also applicable with respect to collection of fees for FY 2021-22.

On review of the audited financial statements of FY 2021-22 and based on the further information provided by the school, it has been noted that the school has reported 85% of the tuition fees, annual charges, and development fees in its audited financial statements of FY 2021-22 on receipts basis. Therefore, the income collected by the school during the FY 2021-22 with respect to tuition fee and annual charges has been grossed up on accrual basis to make comparative income with the FY 2022-23. The detailed calculation has been provided below:

Table A

Particulars	Income as per Income & expenditure for the FY 2021-22	Income Considered while deriving the fund position for the FY 2022-23	Remarks
Tuition Fee	2,30,45,490	3,18,91,500	Tuition Fees and Annual Charges has been considered as per reconciliation of FY 2021-22 provided by the school.
Annual Charges	31,94,850	37,08,800	
Development fees	26,35,000	31,00,000	Development fee of FY 2021-22 has been increased to 100% as the school had collected these after allowing 15% discount.
Total	2,88,75,340	3,87,00,300	

All the other income as per audited financial statements of FY 2021-22 has been considered with the assumption that the amount received in FY 2021-22 will at least accrue during FY 2022-23.

Note 3: All budgeted expenditure proposed by the school has been considered while deriving the fund position of the school except depreciation amounting to INR 2,27,670 being a non-cash item.

Note 4: As per school's reply during hearing, it was held that the school has partially implemented the 7th CPC since the month of July 2017 as school was not paying DA completely in accordance with 7th CPC recommendation. Further, the school has provided the calculation of DA arrears since January 2016 to March 2022 and the same has been considered while calculating the fund position of the school.

In view of the above examination, it is evident that the school has sufficient funds to carry on its operation for the academic session 2022-23 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 2022-23. Accordingly, the fee increase proposal of the school may be rejected.

AND WHEREAS, recommendation of the team of Chartered Accountants along with relevant materials were put before the Director of Education for consideration and who after considering all the material on the record, and after considering the provisions of section 17 (3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that the school has sufficient funds for meeting financial implication for the academic session 2022-23. Therefore, Director (Education) has rejected the proposal submitted by the school to increase the fee for the academic session 2022-23.

Accordingly, it is hereby conveyed that the proposal of fee increase of **Arunodaya Public School (School ID- 1001162), 1-A Karkardooma Institutional Area Vikas Marg Delhi - 110092** 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 2022-23 and if the fee is already increased and charged for the academic session 2022-23, the same shall be refunded to the parents or adjusted in the fee of subsequent months.
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

Nandini

(Nandini Maharaj)
Additional Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To
The Manager/ HoS
Arunodaya Public School (School ID- 1001162),
1-A Karkardooma Institutional Area Vikas Marg Delhi - 110092

No. F.DE.15 (1071)/PSB/2022 / 10047-10051

Dated: 16/12/22

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 (East) 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.

Nandini

(Nandini Maharaj)
Additional Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi