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

1459
No. F.DE.15 (1459)/PSB/2023/ 5841-5845 **Dated:** 27/06/23

Order

WHEREAS, **Jagannath International School (School ID-1411190), F-1/4, Vishakha Enclave, Pitampura, New Delhi – 110034** (hereinafter referred to as **"the School"**),run by the **Mother Gyan 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, 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 increase of fee for the academic session 2022-23. Accordingly, this order dispenses the proposal for increase of fee submitted by the school for the academic session 2022-23.

AND WHEREAS, in order to examine the proposals submitted by the schools for fee increase for justifiability or not, the DoE has evaluated the fee increase proposals of the school carefully in accordance with the provisions of the DSEAR, 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 09th May, 2023 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. In the aforesaid personal hearing, compliance of Order No. F.DE. 15(602)/PSB/2022/3529-3533 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(669)/PSB/2022/4165-4169 dated 03.06.2022 issued for FY 2019-20 were also discussed with the school and the school's submissions were taken on record.

AND WHEREAS, on receipt of clarification as well as documents uploaded on the web portal for the fee hike post personal hearing, the fee hike proposal was evaluated by DOE and the key suggestions noted for improvement by the school are hereunder:

A. Financial Suggestions for Improvement

1. 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 31 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 payment account, income and expenditure and balance sheet of the preceding year should be duly audited by Chartered Accountant.

And it has been noticed that Financial Documents/ Certificates Attested by third persons misrepresenting themselves as CA Members are misleading the Authorities and Stakeholders. ICAI is also receiving several 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 a 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 17.12.18 and 18.12.2018, made it mandatory for all practicing members 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, as per Order No. F.DE. 15(602)/PSB/2022/3529-3533 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(669)/PSB/2022/4165-4169 dated 03.06.2022 issued for FY 2019-20, it was noted that the auditor had not mentioned the UDIN on the financial statements for FY 2016-17 to 2018-19.

The school is directed to confirm from the auditor whether UDIN was generated in respect of the audit opinion issued by the auditor on the financial statements of the school. If it was generated, the same should be mentioned by the school in its compliance report. In case UDIN was not generated by the auditor, the school is directed is seek an explanation from the auditor for not complying with the requirements notified by 1CAI and get the said audit report and financial statements verified from the Institute of Chartered Accountants of India for its authenticity and validity. Also, the school is directed to ensure that the complete set of financial statements (all pages, schedules including notes to accounts) must be appropriately signed or initialled (as appropriate) by two representatives of the school and by the auditor.

This being the procedural finding therefore, the school management is instructed to ensure this compliance from the Auditor of the school.

2. The Directorate of Education, in its Order No. DE.15/Act/Duggal.Com/203/99/23033-23980 dated 15 Dec 1999 stated that 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 review of petition in 2009 restricted transfer of funds to the society.

As per Order No. F.DE. 15(602)/PSB/2022/3529-3533 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(669)/PSB/2022/4165-4169 dated 03.06.2022 issued for FY 2019-20, it was noted that the school had transferred INR 25,000 to the society in FY 2016-17 and the school was directed to recover this amount from the society. However, the school failed to recover this amount from the society. Therefore, the school is again directed to recover the aforesaid amount from the society within 30 days from the society and the same has been considered as part of the funds available with the school.

3. Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11.02. 2009 states that "Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up gradation and replacement of furniture, fixtures and equipment. The Supreme Court of India, also through its judgement in the matter of Modern school, quoted "the management of recognized unaided schools should be permitted to charge development fee not exceeding 15% of the total annual tuition fee."

However as per Order No. F.DE. 15(602)/PSB/2022/3529-3533 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(669)/PSB/2022/4165-4169 dated 03.06.2022 issued for FY 2019-20, it was noted that the school charged development fee more than 15% of the tuition fee in contravention of the aforesaid provisions and court's judgement. Also, it was noted that development fee was charged from the students at the time of admission only. The school was directed to follow aforesaid provision and to revise its fee structure immediately and ensure that it does not collect development fee in any year more than 15% of tuition fee. As per submissions made by the school during hearing, the compliance for this direction is yet to done.

The school is hereby directed to ensure not to collect development fee more than 15% of the annual tuition fee collected and also, to revise the fee structure as per directions given vide Order No. F.DE. 15/ (669)/PSB/2022/4165-4169 dated 03.06.2022 issued for FY 2019-20.

4. The Directorate of Education in its Order No. DE.15/Act/Duggal.Com/ 203/99/23033-23980 dated 15.12.1999 indicated the heads of fee/ fund that recognised private unaided school can collect from the students/ parents which include:

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

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

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

Also, clause 17 of Order No. F.DE./15 (56)/Act/2009/778 dated 11.02.2009 states, "*No admission fee of more than two hundred rupees per student, at the time of admission shall be charged. Admission fee shall not be charged again from any student who is once given admission as long as he remains on the rolls of the school.*"

As per Order No. F.DE. 15(602)/PSB/2022/3529-3533 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(669)/PSB/2022/4165-4169 dated 03.06.2022 issued for FY 2019-20, it was noted that one-time activity fees were collected from the students at the time of admission. The submission of school were examined and noted that the school continued to charge activity fee from the students at the time of admission in contravention of DOE's directions. The collection of one-time fees from students at the time of admission indicates that the school is engaging in profiteering and commercialization of education in contravention of the aforesaid clauses.

The school is hereby directed to ensure not to collect one-time activity fee at the time of admission with immediate effect.

5. As per Order No. F.DE. 15(602)/PSB/2022/3529-3533 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(669)/PSB/2022/4165-4169 dated 03.06.2022 issued for FY 2019-20, Incomes (fee collected from students) reported in the Income and Expenditure Account, Receipt and Payment Account for FY 2018-2019 were recomputed to evaluate the accuracy of incomes reported based on the approved fee structure of the school and details of number of students enrolled (non-EWS) provided by the school. Basis the computation prepared, difference was noted in the fee collection reported by the school during FY 2018-2019 in its Income & Expenditure Account/ Receipt and Payment account and amount of fee arrived/computed in respect of tuition fee, development fee and the annual charges. Following differences was derived:

Fees	**Income reported in Income & Expenditure Account (A)**	**Fee computed based on details of no. of students provided by the school (B)**	**Derived Difference (C) = (B-A)**	**Derived % Difference (D) = (C/B*100)**
Tuition Fee	9,69,900	9,97,200	27,300	3%
Development fees	41,500	55,000	13,500	25%
Annual Charges	1,38,800	1,88,700	49,900	26%

It was concluded that Annual Charges and development charges collected by the school were much lower compared with the approved fee structure. However, no reasonable explanation/justification for the difference were provided by the school in relation to the noted difference. Accordingly, the school was directed to perform a detailed reconciliation of the amount collected from students and income to be recognised based on the fee structure and number of students enrolled by the school.

Post hearing the school has submitted the copy of a reconciliation statement as their compliance. The reconciliation is found to be incomplete as it does not address all heads of fee and also, no reasons of differences were explained. Thus the school is again directed to furnish the complete reconciliation statement covering all heads of fee as compliance of this financial suggestions.

6. As per Section 10 of DSEA, 1973 –*"The scales and pay allowances, medical facilities, pension, gratuity, provident fund and other prescribed benefits of the employees of a recognised private school shall not be less than those of the employees of 1he corresponding status in school run by appropriate authority. Provided where the pay and allowances, medical facilities, pension, gratuity, provident fund and other prescribed benefits of the employees of any recognised private school are less than those of the employees of the corresponding status in schools run by theappropriate authority."*

Provided further that the failure to comply with such direction shall be deemed to be noncompliance with the conditions of recognition of an existing school and the provisions of section 4 shall apply accordingly.

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

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

In Order No. F.DE. 15(602)/PSB/2022/3529-3533 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(669)/PSB/2022/4165-4169 dated 03.06.2022 issued for FY 2019-20, it was noted that the school had not created any provision towards its liability in respect of gratuity and leave encashment in its books of account and also, not deposited any amount in investments such as group gratuity scheme and group leave encashment scheme of LIC or other insurer. It has been noted that the school is yet to comply with aforesaid directions and thus, the school is again directed to determine its liability towards retirement benefits and provide for the same in the financial statements. Also, the school is directed to earmark the amount of liability derived by the school in group gratuity scheme and group leave encashment scheme of LIC or other insurer within 30 days from the date of this order to protect statutory liabilities towards school staff.

B. Other Suggestions for Improvement

1. Clause 19 of Order No. F.DE./15(56)ActU2009/778 dated 11 Feb 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-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)/ AcU2009/778 dated 11 Feb 2009 states "Earmarked levies will be calculated and collected on 'no-profit no loss' basis and spend only for the purpose for which they are being charged."

Sub-rule 3 of Rule I77 of DSER, 1973 states "Punds 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, the Hon'ble Supreme court through its 2004 judgement in the case of Modern School Vs Union of India and Others directed all recognized unaided schools of Delhi to maintain the accounts on the principles of accounting applicable to non-business organizations/not-for-profit organizations. Earmarked levies collected from students are a form of restricted funds, since these can be utilised only for the purposes for which these have been collected, and according to Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, the financial statements should reflect income, expenses, assets and liabilities in respect of such funds separately.

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).

From the information provided by the school and taken on record, it was noted that the school charges earmarked levies in the form of Co-curriculum fees, Computer & Smart Class fees and Activity Charges from students. However, the school has not maintained separate fund accounts for any of these earmarked levies separately.

Based on aforementioned, 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 of 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 school is charging Co-curriculum fees, Computer & Smart Class fees and Activity charges from the students of all classes. Thus, the fee charged from all students loses its character of nature of the earmarked levy, being a non-user based fees. Thus, the school should not charge such fee as earmarked fee with immediate effect and should incur the expenses relating to these from tuition fee and/or annual charges, as applicable, collected from the students. Further, the school is directed to disclose all the charges collected from the students in its financial statements.

Similar observation was also noted in Order No. F.DE. 15(602)/PSB/2022/3529-3533 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(669)/PSB/2022/4165-4169 dated 03.06.2022 issued for FY 2019-20.

Thus, the school is directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount separately 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. 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. The school is also directed not to collect any earmarked levy compulsorily from students and the same should be optional and at the discretion of the students.

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. 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."*

In Order No. F.DE. 15(602)/PSB/2022/3529-3533 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(669)/PSB/2022/4165-4169 dated 03.06.2022 issued for FY 2019-20, it was noted that for FY 2016-2017 to FY 2018-2019 submitted by the school, that the school transferred an amount equivalent to the purchase cost of the assets from development fund to development fund utilised, and charged depreciation on assets purchased from development fund to Income and expenditure account but failed to transfer an amount equivalent to depreciation charged as an income in the Income and expenditure account from the development fund utilised account, which is not in accordance with the guidance note cited above.

It is also noted that the school is still following the same accounting treatment as revealed from the financial statements of FY 2019-20 to FY 2021-22 and has not complied with the requirement of para 99 of the Guidance Note 21 though they were directed by the Directorate by its Order No. F.DE. 15(602)/PSB/2022/3529-3533 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(669)/PSB/2022/4165-4169 dated 03.06.2022 issued for FY 2019-20.

Accordingly, the school is again instructed to make necessary accounting entries relating to development fund utilised account to comply with the accounting treatment indicated in the Guidance Note and make the corresponding presentation in its financial statements.

3. As per Order No. F.DE-15/ACT-/WPC-4 109/Part/13/7905-79 13 dated 16 April 2016 *"The Director hereby specify that the format of return and documents to be submitted by schools under rule 180 read with Appendix-l 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 on Accounting by Schools (2009) Or amended from time to time by this Institute."*

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."*

Para 67 of the Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India states *"The financial statements should disclose, inter alia, the historical cost of fixed assets, "*

Basis the presentation made by the school in its financial statements for FY 2019-20 to FY 2021-22 submitted by the school, it is noted that while the school is reporting opening block of assets, additions, deletions, closing block of fixed assets, opening the year, depreciation reserve, depreciation during the year, adjustment (if any), closing balance of depreciation reserve and net (WDV) opening and closing block of fixed assets in the fixed assets schedule annexed to the financial statements, it is reporting fixed assets at written down value on the face of the Balance Sheet, which is not in accordance with the disclosure requirements of the guidance note cited above. Further, the school is not charging depreciation at the rates specified in Appendix I to the Guidance Note.

Similar observation were also noted in Order No. F.DE. 15(602)/PSB/2022/3529-3533 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(669)/PSB/2022/4165-4169 dated 03.06.2022 issued for FY 2019-20.

Accordingly, the school is directed to disclose all fixed asset at gross value on the face of Balance Sheet on the assets side and accumulated depreciation as depreciation reserve on the liability side of the Balance Sheet. Also, the school is instructed to adopt the depreciation rates as prescribed by the Guidance Note. The above being a presentation/ disclosure finding, no financial impact is warranted for deriving the fund position of the school.

4. As per Appendix II to Rule 180(1) of DSER, 1973, the school is required to submit final accounts i.e. receipts and payment account, income and expenditure account and balance sheet of the preceding year duly audited by a Chartered Accountant by 31st July.

From the financial statements of FY 2019-20 to FY 2021-22, it is noted that the final accounts for the FY 2019-20 were signed on 14 Jan 2021, FY 2020-21 were signed on 18 Jan 2022 and FY 2021-22 were signed on 14 Sept 2022. Thus, the school did not comply with the requirement of submission of audited final accounts in accordance with the timeline prescribed in Rule 180(1). Similar observation were also noted in Order No. F.DE. 15(602)/PSB/2022/3529-3533 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(669)/PSB/2022/4165-4169 dated 03.06.2022 issued for FY 2019-20.

Accordingly, the school is directed to ensure that the financial statements as per the requirements of Rule 180(1) are appropriately prepared and submitted to the Directorate within the prescribed timelines.

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 2022-23 amounting to INR **12,09,568** out of which cash outflow in the year 2019-2020 is estimated to be INR **13,50,000**. This results in net deficit of INR **1,40,432**. The details are as follows:

Particulars	Amount (in Rs.)
Cash and Bank balances as on 31.03.22 as per Audited Financial Statements	1,26,255
Investments as on 31.03.22 as per Audited Financial Statements	-
Liquid Funds as on 31.03.2022	**1,26,255**
Add: Amount recoverable from society towards amount transferred to it by the school [Refer Financial Suggestion no. 2]	25,000
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 1 Below)	9,51,408
Add: Other Income for FY 2021-22 as per Audited Financial Statements (Refer Note 1 Below)	-
Add: Additional Income of Annual Charges and Development Fund (Refer Note 2 Below)	20,374
Add: Additional Fees due to increase in fee @15% from 01.07.2022 (Refer Note 3 Below)	86,531
Total Available Funds for FY 2022-23 (A)	**12,09,568**
Less: Budgeted expenses for the session 2022-23 (Refer Note 4 Below)	13,50,000
Total Estimated Expenditure for FY 2022-23 (B)	**13,50,000**
Net Deficit (A-B)	**1,40,432**

Note 1: All the fee and other income as per audited financial statements for the 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 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.

From review of the audited financial statements for the FY 2021-22 and based on the further information provided by the school post personal hearing, it has been noted that the school has reported 100% of the tuition fees and annual charges and development fees at 85% in its audited financial statements of FY 2021-22. Therefore, the income collected by the school during the FY 2021-22 with respect to tuition fee, annual charges and development fees has been grossed up to make comparative income with the FY 2022-23. The detailed calculation has been provided below:

Particulars	Income as per AFS of FY 2021-22 Amount (INR) - A	Income Considered in the Above Table Amount (INR) - B	Remarks
Annual Charges	1,05,450	1,24,059	The school recorded 85% of the income. Therefore, this has been grossed up.
Development fund	10,000	11,765	
Total	**1,15,450**	**1,35,824**	
Difference (A-B)		**20,374**	

Note 3: The school was allowed to increase the fee by 15% from 01.07.2022. The impact of increase in fee is calculated hereunder:

Fee heads	Actual receipt in FY 2021-22	Grossed Up	Total Expected Fee	Increased fee (with fee increase @15% for 9 months)
Tuition fees	6,33,345	-	6,33,345	7,04,596
Annual Charges	1,05,450	18,609	1,24,059	1,38,015
Development Charges	10,000	1,765	11,765	13,088
Total	**7,48,795**	**20,374**	**7,69,169**	**8,55,700**
Impact of fee increase				**86,531**

Note 4: The school has submitted the budgeted expenditure of INR 25,71,768 without any justification and explanation. During the course of hearing also, the school failed to provide any justification and reason for such budgeted expenditure. It is found that most of the expenses are budgeted more than 10% of previous year's actual expenditure and also, new heads of expenditure were proposed without any basis. It is also noted there are only 60 students in the school. It is submitted during the hearing that number of students have been declined after submission of the proposal for the year but not furnished any details whether the staff are also decreased after submission of proposal. Further review of budgeted expenditure reveals that budgeted expenditure of INR 13,50,000 may only be allowed and the school is directed to apply due propriety while managing its affairs.

ii. In view of the above examination, it is evident that the school does not have adequate funds for meeting all the operational expenditure for the academic session 2022-23. 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 the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, the proposal of the school for the session 2022-23 have been evaluated and certain financial suggestions have been identified (appropriate financial impact has been taken on the fund position of the school) and certain procedural suggestions which were also noted (appropriate instruction against which have been given in this order) that the sufficient funds are not available with the school to carry out its operations for the academic session 2022-23.

AND WHEREAS, it is noticed that the school has incurred INR 25,000 in contravention of Rule 177 and other provisions of DSEAR, 1973 and other orders issued by the departments from time to time. Therefore, the school is directed to recover the aforesaid amount from society/ management. The receipts along with copy of bank statements showing receipt of the above-mentioned amount should be submitted with DoE, in compliance of the same, within 30 days from the date of issue of the order. Non-compliance with this direction shall be viewed seriously as per the provision of DSEA&R, 1973 without providing any further opportunity of being heard.

AND WHEREAS, considering the financial situation and existing deficiencies and keeping in view that salary and other employee's benefits can be paid to the teachers and staff smoothly, the fee hike is allowed to the school with the suggestions for improvement. Further, school is hereby directed that the additional income received on account of increase fee should be utilized at first instance only for payment of salary and salary arrears and submit the compliance report within 30 days from the date of issue of the order.

AND WHEREAS, it is relevant to mention charging of any arrears on account of fee for several months from the parents is not advisable, not only because of the additional sudden burden fall upon the parents/students but also as per the past experience, the benefit of such collected arrears is 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.

AND WHEREAS, the fee proposal of the school 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 sufficient funds are not available with the school for meeting financial implication for the academic session 2022-23. 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 15% to be effective from 01 April 2023. However, it is to be ensured that the development fee will not be in excess of fifteen percent of the tuition fee.

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

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

Accordingly, it is hereby conveyed that the proposal for fee hike of **Jagannath International School (School ID-1411190), F-1/4, Vishakha Enclave, Pitampura, New Delhi – 110034** filed by the school in response to the Order No. F.DE.-15(40)/PSB/2019/4440-4412 dated 08.06.2022 for the academic session 2022-23, is accepted by the Director (Education) with the above conclusion and suggestions and the school is allowed to increase the fee by 15% for session 2022-23 to be effective from 01.04.2023.

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

1. To increase the fee by 15% from the specified date i.e. 01.04.2023.

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
Jagannath International School (School ID-1411190),
F-1/4, Vishakha Enclave,
Pitampura, New Delhi – 110034

No. F.DE.15 (1459)/PSB/2023/5841-5845 Dated: 27/06/23

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) to ensure the compliance of the above order by the school management.
4. In-charge (I.T Cell) with the request to upload on the website of this Directorate.
5. Guard file.

Nandini

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