

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

No. F.DE.15 (1564)/PSB/2023/ 8223 -8227

Dated: 25/09/23

Order

WHEREAS, Jagannath International School, Pushpanjali Enclave, Pitampura, Delhi-110084, (School Id-1411193) (hereinafter referred to as "the School"), run by the Mother Gian 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 DSEAR, 1973 and returns and documents submitted under section 18(5) of DSEAR, 1973 read with rule 180(1) of DSEAR, 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, the 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/(550)/PSB/2022/3202-3206 dated 19.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(540)/PSB/2022/3162-3166 dated 19.05.2022 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 the Directorate's Order No. DE 15/Act/Duggal.com/203/ 99/23033/23980 dated 15 Dec 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.

The Directorate's Order No. F.DE. 15/(550)/PSB/2022/3202-3206 dated 19.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (540)/PSB/2022/3162-3166 dated 19.05.2022 issued for FY 2019-20 noted that the school had a receivable balance of INR 27,77,079 from Mother Gain Educational Society and the school was directed to recover the aforesaid amount from the society.

On review of audited financial statements for FY 2019-20 to 2021-22 and the copy of the society's ledger, it is noted that the school has recovered INR 10,00,000 from the society. Also, the ground rent of INR 1,94,766 was paid by the society on behalf of the school. Therefore, there is an amount of INR 15,82,313 is recoverable from the society as at 31.03.2022. Accordingly, the school is directed to recover INR 15,82,313 from the Society within 30 days from the date of issue of the order and thus, the same has been considered as funds available with the school. Also, the school is directed to submit copy of Ground rent receipt paid and school ledger in the books of society to substantiate its claim that the society has paid the ground rent.

2. As per Section 13 of Right to Education Act, 2009, the school should not charge capitation fee from the students at the time of admission. Further, the Supreme Court in its judgement dated 02.05.2016 in the matter of Modem Dental College and Research Centre Vs. State of Madhya Pradesh (Medical Council of India) held that education is a noble profession. *"Every demand of capitation fee by educational institutions is unethical & illegal. It emphasized that the commercialization and exploitation is not permissible in the education sector and institutions must run on 'no-profit-no-loss' basis"*.



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

Further, the DoE, vide its Order No. DE15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and Order No.F.DE./15(56)/Act/2009/778 dated 11.02.2009, has specified the heads of fee that a private unaided recognized School can collect from the students/ parents which are as under:

- i. Registration Fee
- ii. Admission Fee
- iii. Caution money
- iv. Tuition fee
- v. Annual Charges
- vi. Earmarked levies
- vii. Development fee

Further, 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.

The Directorate in the order No. F.DE. 15/(550)/PSB/2022/3202-3206 dated 19.05.2022 issued for FY 2018-19 and order No. F.DE.15/ (540)/PSB/2022/3162-3166 dated 19.05.2022 issued for FY 2019-20, noted that the school has collected 'Development Charges' ranging from INR 5,000 to INR 6,600 from students at the time of admission as one-time charge which is nothing but the kind of the capitation fee. And the school was directed not to collect this onetime fee from the students at the time of admission.

On review of the records submitted by the school, it has been noted that the school is still collecting 'Development Charges' ranging from INR 5,000 to INR 6,600 from students at the time of admission as one-time charges. Also, the school is charging activity charges ranging from INR 4,975 to INR 7,575 and Annual Charges ranging from INR 5,700 to INR 6,500 as one-time charges from the students at the time of admission. All fee by whatever name called collected by the school as one-time charges other than admission fee of INR 200, registration fee of INR 25 and caution money of INR 500 tantamount to capitation fee.

Accordingly, the school is again directed not to collect Development Fee, Annual Fee and Activity Fee as one-time charges from the students with immediate effect. Also, school is directed to refund the fee collected as one-time charges or adjust the same in the future fee of the students within 30 days from the date of issue of the order.



3. 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 against liability towards retirement benefits) as:
- Assets held by a long-term employee benefit fund; and
 - Qualifying insurance policies

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

The Directorate in its Order No. F.DE. 15/(550)/PSB/2022/3202-3206 dated 19.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (540)/PSB/2022/3162-3166 dated 19.05.2022 issued for FY 2019-20, the school was directed to get its liability determined by the actuary and record the same in its audited financial statement. Also, the School was directed to invest an amount equivalent to its liability of retirement benefits determined by the actuary in a scheme that qualifies as 'plan-assets' in accordance with Accounting Standard 15.

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school has not obtained actuarial valuation for its liability for retirement benefits and has disclosed only the provision for gratuity of INR 61,57,575 as per management estimates as on 31.03.2022. Also, the school has not made any investment in plan assets in order to protect the interest of its staff.

Accordingly, the school is again directed to obtain actuarial valuation report and make provision for gratuity and leave encashment in its books of accounts as per the actuarial valuation report. Also, the school is directed to deposit the amount in the plan assets with LIC (or other agency) as determined in actuary valuation report for gratuity and leave encashment and ensure that the amount deposited in plan assets is equivalent to the provision for gratuity and leave encashment.

B. Other Suggestions for Improvement

1. As per Rule 176 of the DSER, 1973 *"Income derived from collections for specific purposes shall be spent only for such purpose."*

Clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11.02.2009 states that *Earmarked levies shall be charged from the user student only. Earmarked levies for the services rendered shall be charged in respect of facilities involving expenditure beyond the expenditure on the earmarked levies already being charged for the purpose. They will be calculated and collected on 'no profit no loss' basis and spent only for the purpose for which they are being charged. All transactions relating to the earmarked levies shall be an integral part of the school accounts*



Sub-rule 3 of Rule 177 of DSER, 1973 states “Funds collected for specific purposes, like sports, co-curricular activities, subscriptions for excursions or subscriptions for magazines, and annual charges, by whatever name called, shall be spent solely for the exclusive benefit of the students of the concerned school and shall not be included in the savings referred to in sub-rule (2).” Further, sub-rule 4 of the said rule states “The collections referred to in sub-rule (3) shall be administered in the same manner as the monies standing to the credit of the Pupils Fund as administered.”

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

Further, the aforementioned Guidance Note lays down the concept of fund-based accounting for restricted funds, whereby upon incurrence of expenditure, the same is charged to the Income and Expenditure Account (‘Restricted Funds’ column) and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account (‘Restricted Funds’ column).

On review of the audited financial statements of the FY 2019-20 to FY 2021-22, it is noted that the school charges earmarked levies in the form of Computer Fees, Science Fees, Transport Fee, Co-curriculum Fee and Activity Fees from students. However, the school has not maintained separate fund accounts for the above-mentioned earmarked levies and the school has been generating surplus from earmarked levies that has been utilised for meeting other expenses of the school or has been incurring losses (deficit), which has been met from other fees/income. Similar observations were also noted in Directorate's Order No. F.DE. 15/(550)/PSB/2022/3202-3206 dated 19.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (540)/PSB/2022/3162-3166 dated 19.05.2022 issued for FY 2019-20. Below table shows surplus/ deficit generated by the school in respect of earmarked levies:

Particulars	Transport Fees	Computer & Smart Class Fees	Science Fees	Activity Fees	Co-Curriculum Fee *
For the year 2019-20					
Fee Collected during the year (A)	33,24,550	27,75,000	92,700	5,46,000	20,73,975
Expenses during the year (B)	43,80,003	10,78,080	18,070	93,275	
Difference for the year (A-B)	10,55,453	16,96,920	74,630	4,52,725	20,73,975
For the year 2020-21					
Fee Collected during the year (A)	-	-	-	-	-

Expenses during the year (B)	15,39,623	9,47,026	5,479	16,870	
Difference for the year (A-B)	15,39,623	-9,47,026	-5,479	-16,870	-
For the year 2021-22					
Fee Collected during the year (A)	-	-	-	-	-
Expenses during the year (B)	12,87,437	9,98,580	9,118	1,200	
Difference for the year (A-B)	12,87,437	-9,98,580	-9,118	-1,200	-

*The expenditure against co-curriculum Fee cannot be ascertained from the income & expenditure account.

Based on the above-mentioned provisions, earmarked levies are to be collected only from the user students availing of 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 charging of unwarranted fee or charging of any other amount/fee under different heads other than prescribed and accumulation of surplus fund thereof prima-facie is considered as collection of capitation fee in other manner and form. Therefore, the school is directed not to charge computer and smart class fee and co-curriculum fee from the students.

Further, the school is hereby directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus, 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 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. 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 incurrance 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."*



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

The Directorate in its Order No. F.DE. 15/(550)/PSB/2022/3202-3206 dated 19.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (540)/PSB/2022/3162-3166 dated 19.05.2022 issued for FY 2019-20, directed the school to comply with the provisions of para 67 and para 99 of Guidance Note- 21 issued by ICAI.

On review of the audited Financial Statements for FY 2019-20 to FY 2021-22, it is noted that the school has not been writing off "Development Fund Utilised Account" in the proportion of depreciation charged to the Income & Expenditure account. Also, the school has disclosed fixed assets purchased out of general fund at written down value whereas the fixed assets purchased out of development fund are shown at gross block which is not in compliance with above-mentioned provisions. Therefore, the school is again directed to comply with requirements stated in para 99 and para 67 of the Guidance Note- 21 issued by the ICAI.

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 the 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."*

The Directorate in its Order No. F.DE. 15/(550)/PSB/2022/3202-3206 dated 19.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (540)/PSB/2022/3162-3166 dated 19.05.2022 issued for FY 2019-20 directed the school to comply with all the provisions relating to caution money.

On review of the audited financial statement for the FY 2019-20 to FY 2021-22, it is noted that the school is refunding only the principal amount of caution money to the students at the time of his or her leaving which is not in accordance with clause 18 of the order dated 11.02.2009 and clause 3 of the Public Notice dated 04.05.1997. Also, the school has not transferred the unclaimed caution money to the income and expenditure account.

Accordingly, the school is again directed to comply with the above-mentioned provisions with respect refund of caution money to the students and treatment of unclaimed caution money in the books of accounts. Further, the amount refundable of caution money of INR 4,36,000 as on 31.03.2022 as per the audited Financial Statements has been considered while deriving the fund position of the school.

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

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

On review of audited financial statements for FY 2019-20 to 2021-22, it has been noted that the depreciation on fixed assets has been provided on written down value method at the rates prescribed in the Income Tax Rules, 1962.

Similar observations were also noted in the Directorate's Order No. F.DE. 15/(550)/PSB/2022/3202-3206 dated 19.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (540)/PSB/2022/3162-3166 dated 19.05.2022 issued for FY 2019-20. Therefore, the school is again directed to provide depreciation on assets as per the rates prescribed in the Guidance Note 21 issued by ICAI.

5. As per clause 103 on Related Party Disclosure, contained in Guidance Note 21 on 'Accounting by Schools', issued by the ICAI, there is a requirement that keeping in the view the involvement of public funds, schools are required to disclose the transactions made in respect of related parties.

The Directorate's Order No. F.DE. 15/(550)/PSB/2022/3202-3206 dated 19.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (540)/PSB/2022/3162-3166 dated 19.05.2022 issued for FY 2019-20 noted that the school had not made any disclosure relating to related party transactions in its audited financial statements and the school was directed to include such details in audited financial statements of the subsequent year.

The school in its reply dated 09.05.2023 submitted that there are no related party transactions during the period FY 2019-20 to FY 2021-22. This has been considered and taken on record.

6. As per Section 18(5) of the DSEA, 1973, the management committee of every recognised private school shall file every year with the Director such duly audited financial and other returns as may be prescribed, and every such return shall be audited by such authority as may be prescribed. Further, Rule 180 of DSER, 1973 states" (1) every unaided recognised private schools shall submit the returns and documents in accordance with Appendix-I, (2) Every return or documents referred to in sub-rule (1), shall be submitted to the Director by the 31st day of July of each year.(3) The account and other records maintained by an unaided private school shall be subject to examination by the auditors and inspecting officers authorised by the Director in this behalf and also by any officers authorised by the Comptroller and Auditor General of India."

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

Whereas Appendix-II to Rule 180 specify that "final accounts i.e. receipts, and 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 person misrepresenting themselves as CA Members are misleading the Authorities and Stakeholders. ICAI is also receiving number of complaints of signatures of CAs being forged by non CAs.

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

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

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

The Directorate in its Order No. F.DE. 15/(550)/PSB/2022/3202-3206 dated 19.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (540)/PSB/2022/3162-3166 dated 19.05.2022 issued for FY 2019-20, instructed the school to ensure the compliance of mentioning UDIN by the Chartered Accountants.

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the UDIN has been duly mentioned by the auditor of the school from FY 2020-21 onwards. This has been considered and taken on record.

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 2,96,39,241** out of which cash outflow in the FY 2022-23 is estimated to be **INR 3,05,89,798**. This results in deficit of **INR 9,50,557** 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	51,57,668
Investments as on 31.03.22 as per Audited Financial Statements	-
Liquid Funds as on 31.03.2022	51,57,668
Add: Recovery from the society [Refer Financial Suggestion No. 1]	15,82,313

Particulars	Amount (in INR)
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 1 Below)	2,15,35,260
Add: Other Income for FY 2021-22 as per Audited Financial Statements (Refer Note 1 Below)	65,385
Add: Additional Income of Annual Charges and Development Fund (Refer Note 3 Below)	4,53,362
Add: Additional Fees due to increase in fee @8% from 01.07.2022 (Refer Note 4 Below)	13,18,480
Less: Arrears of Annual Charges and Development Charges of FY 2020-21 collected in FY 2021-22 (Refer Note 2 Below)	-
Total Available Funds for FY 2022-23	3,01,12,468
Less: Balance of EWS Bank A/c as on 31.03.2022	37,227
Less: Caution Money as on 31.03.2022 (Refer Other Suggestion No. 3)	4,36,000
Net Available Funds for FY 2022-23 (A)	2,96,39,241
Less: Budgeted expenses for the session 2022-23	3,05,89,798
Less: Salary Arrears of 7th CPC (Refer Note 5 Below)	-
Total Estimated Expenditure for FY 2022-23 (B)	3,05,89,798
Net Deficit (A-B)	9,50,557

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 school in its reply dated 09.05.2023 submitted that the school has collected 100% of tuition fee and 85% of the annual charges and the provision for the arrears of annual charges of FY 2020-21 has already been made in financial statements for FY 2020-21.

Note 3: 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 85% of annual charges in FY 2020-21 and 2021-22. Therefore, the income collected by the school during the FY 2021-22 with respect to annual charges has been grossed up for FY 2022-23. The detailed calculation has been provided below:

Particulars	Income as per Audited Income & Expenditure Account for the FY 2021-22	Income Considered while deriving the fund position for the FY 2022-23	Remarks
Tuition fee	1,86,59,760	1,86,59,760	As per details provided by the school, Annual Charges collected in FY 2021-22 at the rate of 85% and thus, difference amount of INR 4,53,362 has been considered.
Annual Charges	25,69,050	30,22,412	
Total	21,228,810	21,682,172	

Note 4: The school was allowed to increase fee 8% vide Order No. F.DE.15/ (540)/PSB/2022/3162-3166 dated 19.05.2022 issued for FY 2019-20, from 1st July, 2022. The school has submitted that it has increased the fee @8% from 1st July 2022. Accordingly, additional income on account of fee increase will also accrue to the school in FY 2022-23 and thus, following amount has been considered as funds available with the school:

Fee heads	Actual receipt in FY 2021-22	Grossed Up	Total Estimated Fee	Increased fee (with fee increase @8% for 9 months)
Tuition fees	1,86,59,760	-	1,86,59,760	1,97,79,346
Annual Charges	25,69,050	4,53,362	30,22,412	32,03,756
Development Fee	2,92,500	-	2,92,500	3,10,050
Total	2,15,21,310	4,53,362	2,19,74,672	2,32,93,152
Impact of fee increase				13,18,480

Note 5: In accordance with Section 10(1) of Delhi School Education Act 1973, scales of pay and allowance, medical facilities, pension gratuity, provident fund, and other prescribed benefits of the employees of a recognized private school shall not be less than those of the employees of the corresponding status in schools run by the appropriate authority.

Further, Directorate of Education has adopted the Central Civil Serviced (Revised Pay) Rules, 2016 vide Circular No 30-3(17)/(12)/VII pay Comm./2016/11006-11016 dated 19.08.2016 and No. 30-3(17)/(12)/VII pay Comm./Coord./2016/12659-12689 dated 14.10.2016 for employees of Government Schools.

Further, in exercise of the powers conferred under clause (xviii) of Rule 50 of the Delhi School Education Rules, 1973, vide Competent Authority order No DE.15 (318)/PDB/2016/18117, dated 25.08.2017, the managing committees of all Private unaided Recognized Schools have already been directed to implement central Civil Services (Revised Pay) Rule, 2016 in respect of the regular employees of the corresponding status with effect from 01.01.2016 (for the purpose of pay fixation and arrears). Further, guidelines/detailed instructions for implementation of 7th CPC recommendations in Private Un-aided Recognized Schools of Delhi has been issued vide DOE order dated 17.10.2017.

As per school's reply during hearing, it was held that the school has not implemented 7th CPC recommendations. Thus, the school is again directed to implement the recommendations of 7th CPC in full within 30 days from the date of issue of the order. A strict action against the school would be initiated u/s 24(3) of DSEA, 1973 if there is non-compliance with the direction cited above.

- ii. In view of the above examination, it is evident that the school does not have adequate 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 the provisions of DSEAR, 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 the 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 15,82,313 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, 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 5% to be effective from 01 April 2023.

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

AND WHEREAS, 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-1411193), Pushpanjali Enclave, Pitampura, Delhi-110084** 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 5% 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 DSEAR 1973 to comply with the following directions:

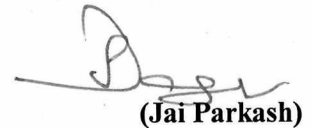
1. To increase the fee only by the prescribed percentage from the specified date i.e. 01.04.2023.



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 the 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.



(Jai Parkash)

**Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi**

**To
The Manager/ HoS
Jagannath International School,
Pushpanjali Enclave, Pitampura,
Delhi – 110084 (School Id:1411193)**

No. F.DE.15 (1564)/PSB/2023 / 8223-8227

Dated: 25/09/23

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) 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.



**(Jai Parkash)
Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delh**