

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

No. F.DE.15 (1499)/PSB/2023/ 6729-6733

Dated: 26/07/23

Order

WHEREAS, North-Ex Public School, Pocket – G/27, Sector – 3, Rohini, Delhi – 110085 (School Id: 1413273) (hereinafter referred to as “the School”), run by the Bosco Educational Welfare 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.”

①

AND WHEREAS, the Hon'ble High Court of Delhi vide its judgement dated 19.01.2016 in writ petition 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/(520)/PSB/2022/3028-3032 dated 17.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (547)/PSB/2022/3242-3246 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. Para 7.14 of Accounting Standard 15 -'Employee Benefits' issued by the Institute of Chartered Accountants of India states Plan assets comprise:
 - (a) assets held by a long-term employee benefit fund; and
 - (b) qualifying insurance policies."

Section 10(1) of Delhi School Education Act, 1973 on 'Salaries of employees' states "*The scales of pay and 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 the corresponding status in school run by the appropriate authority.*"

The Directorate's in its Order no. F.DE.15(228)/PSB/2019/1210-1214 dated 29.03.2019 issued for FY 2017-2018, Order No. F.DE. 15/(520)/PSB/2022/3028-3032 dated 17.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(547)/PSB/2022/3242-3246 dated 19.05.2022 issued for FY 2019-20, directed the school to determine and provide for statutory liability towards gratuity and leave encashment as per actuarial valuation report and deposit the amount in investments with LIC to secure the statutory liability towards staff retirement benefits.

On review of actuarial valuation report submitted by the school for FY 2021-22, the school has made provision for gratuity amounting to INR 20,25,732 on the basis of the actuarial valuation report. However, the school has neither obtained actuarial valuation report for leave encashment liability nor made provision in its audited financial statements for the same. Further, it was noted that the school has not made any earmarked investment such as group gratuity scheme and group leave encashment scheme of LIC/ other insurers till date.

Therefore, the school is directed to make provision for leave encashment liability on the basis of actuarial valuation report and deposit funds in the gratuity and leave encashment policies with LIC to ensure the value of the plan-assets matches the actuarial valuation and to disclose the provisions of gratuity and leave encashment along with corresponding investments in its financial statements.

2. The Directorate's in its Order No. F.DE. 15/(520)/PSB/2022/3028-3032 dated 17.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (547)/PSB/2022/3242-3246 dated 19.05.2022 issued for FY 2019-20, directed the school to recover INR 3,81,414 against interest on unsecured loan paid by the school during FY 2017-18 and 2018-19. However, the recovery is still pending.

On the review of audited financial statements for FY 2019-20 to 2021-22, the school has made further payment of interest on unsecured loan amounting to INR 7,23,569. However, the school has not submitted any documentation regarding the same. Further, the purpose of taking unsecured loan by the school from a housing company could not be ascertained. Therefore, the interest paid on unsecured loan of INR 7,23,569 has been added to the funds availability position of the school with the direction to the school to recover this amount from the society.

In the absence of purpose/utilization of the unsecured loan, the outstanding balance of unsecured loan as on 31.03.2022 amounting to INR 37,66,132 has not been adjusted from available funds of the school and the school is directed not to use school funds for payment of loan and interest thereon. Further, the interest on unsecured loan of INR 2,50,000 as proposed by the school in its budget for FY 2022-23 has not been considered while deriving the fund position of the school.

3. In Directorate's Order No. F.DE. 15/(520)/PSB/2022/3028-3032 dated 17.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (547)/PSB/2022/3242-3246 dated 19.05.2022 issued for FY 2019-20, the differences were noted in the fee collection reported by the school during FY 2018-2019 in its Income & Expenditure Account Receipt and Payment and amount of fee arrived/computed as per details provided by the school. Following differences were derived based on the computation of FY 2018-2019:

Particulars	Income reported in Income & Expenditure Account (A)	Fee computed based on details no. of students provided by the school (B)	Derived Difference (C) =(A) - (B)	Derived % Difference (D) = (C/A*100)
Development Fee	10,74,580	11,68,128	93,548	8.71%
Annual Fee	15,99,080	15,46,350	-52,730	-3.30%

Based on the differences, the school was directed to perform a detailed reconciliation of the amount collected from the students and income to be recognised based on the fee structure and number of students enrolled by the school which the school has failed to provide alongwith the compliance report submitted at the Directorate of Education. However, the school failed to submit the desired reconciliation in compliance of this direction.

Therefore, the school is again directed to prepare and submit the reconciliation. Further, no adjustment has been made in the fund position of the school.

B. Other Suggestions for Improvement

1. Rule 176 - 'Collections for specific purposes to be spent for that purpose' of the DSER, 1973 states "Income derived from collections for specific purposes shall be spent only for such purpose."

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).

The Directorate in its Order no F.DE. 15(228)/PSB/2019/1210-1214 dated 29.03.2019 issued for FY 2017-2018 and further in Order No. F.DE. 15/(520)/PSB/2022/3028-3032 dated 17.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (547)/PSB/2022/3242-3246 dated 19.05.2022 issued for FY 2019-20 has directed the school to stop the collection of Activity charges, Computer Lab charges and E-learning charges.

However, on review of audited financial statements for FY 2019-20 to 2021-22, it was noted that the school is charging earmarked levies in the form of Transport charges and Activity charges. Though it has stopped the collection of Computer Lab Charges and E-learning charges from FY 2019-20 onwards. The school has not maintained separate fund accounts for these earmarked levies and the school has been generating surplus from earmarked levies, which has been utilised for meeting other expenses of the school, or has been incurring losses (deficit), which has been met from other fees/income. Below table shows the position of surplus/ deficit for fee collected in the name of earmarked levies:

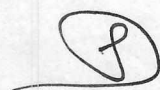
Particulars	Transport fee (in INR)	Activity Charges (in INR)
For the year 2021-22		
Fee Collected during the year (A)	-	-
Expenses during the year (B)	6,240	10,029
Difference for the year (A-B)	-6,240	-10,029
For the year 2020-21		
Fee Collected during the year (A)	-	-
Expenses during the year (B)	1,44,737	-
Difference for the year (A-B)	-1,44,737	-
For the year 2019-20		
Fee Collected during the year (A)	12,45,799	3,73,516
Expenses during the year (B)	13,17,792	96,857
Difference for the year (A-B)	-71,993	2,76,659

Further, the school has started maintenance of separate Income & Expenditure account for transport charges and the surplus/ deficit was presented directly in designated Income & Expenditure account maintained by the school for Transport charges. Further, the surplus/ deficit on transportation charges was transferred to the main income and expenditure account.

Also, the school has been operating its school transport facility at huge deficit, hence the school is strictly directly not to transfer the financial impact (i.e. deficit from facility) of transport facility to students not availing transport facility i.e. it must not adjust the deficit of an earmarked levy from school funds. The school is instructed to operate transport facility on strict no-profit no-loss basis.

Similar observations were also noted in Directorate's Order No. F.DE. 15/(520)/PSB/2022/3028-3032 dated 17.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (547)/PSB/2022/3242-3246 dated 19.05.2022 issued for FY 2019-20 which the school has not complied with.

Also, 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 Activity charges from the students of all classes. Thus, the fee charged from all students loses its character of earmarked levy, being a non-user-based fees. Based on the nature of the Activity charges and the details provided by the school in relation to expenses incurred against the same, the school should not charge Activity charges as earmarked fee with immediate effect and should incur the expenses relating to these from tuition fee or annual charges, as applicable collected from the students.



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 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. Also, the school must not make any transfer to or from general fund in earmarked funds, as deficit/ surplus must be adjusted from the earmarked levy collected from students and not any other fee/savings. Also, the school is directed to disclose all incomes and expenses in its financial statements and submit details of all earmarked levies collected from students in the proposal/fee structure submitted to the Directorate.

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 accumulation of surplus fund thereof tantamount to profiteering and commercialization of education as well as charging of capitation fee in other form.

2. As per Clause 14 of Order No. F.DE./15(56)/Act/2009/778 dated 11.02.2009 and Clause 7 of Order No. DE 15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 state 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. Development fee, if required to be charged shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund, will be kept in a separately maintained Development Fund Account."*

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"*.

The Directorate's Order no F.DE.15 (228)/PSB/2019/1210-1214 dated 29.03.2019 issued for FY 2017-2018, Order No. F.DE. 15/(520)/PSB/2022/3028-3032 dated 17.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (547)/PSB/2022/3242-3246 dated 19.05.2022 issued for FY 2019-20, noted that the school had utilised development fees for payment of establishment expenditure during FY 2016-2017. Therefore, the school was directed to ensure that development fund is utilised only towards purchase, upgradation and replacement of furniture, fixture and equipment.

The Directorate's Order no F.DE.15 (228)/PSB/2019/1210-1214 dated 29.03.2019 issued for FY 2017-2018, Order No. F.DE. 15/(520)/PSB/2022/3028-3032 dated 17.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (547)/PSB/2022/3242-3246 dated 19.05.2022 issued for FY 2019-20, directed the school to transfer an amount equivalent to the amount of depreciation from "Development Fund Utilised against Fixed Assets" account to Income and Expenditure Account as income to comply with the accounting and disclosure requirements of the Guidance Note. However, the school has not complied with the above direction till FY 2021-22.

Therefore, the school is again directed to comply with clause 14 of order dated 11.02.2009 and Para 99 of Guidance Note 21. Further, Balance of Development Fund Bank Account as on 31.03.2022 amounting to INR 8,06,308 has been considered in the calculation of funds available with the school.

3. Direction no. 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."*

Further, Clause 3 and 4 of Order No. DE/15/150/Act/2010/4854-69 dated 9 Sep 2010 stated *"In case of those ex-students who have not been refunded the caution money/ security deposit, the schools shall inform them (students) at their last shown address in writing to collect the said amount within thirty-days. After the expiry of thirty days, the un-refunded Caution money belonging to the ex-students shall be reflected as income for the next financial year & it shall not be shown as liability. Further, this amount shall also be taken into account while projecting fee structure for ensuing academic year."*

The Directorate's order No.F.DE.15/(228)/PSB/2019/1210-1214 dated 29.03.2019 noted that the school had not provided the details of number of students left during FY 2014-2015 to FY 2016-2017. Accordingly, the school had not treated un-refunded caution money as income in the next financial year after expiry of 30 days. Further, the School had not refunded interest on caution money along with refund of caution money.

The school represented that they will comply with the aforementioned clause.

From the information provided by the school, it was noted that the school was not refunding interest along with caution money to students. Further, it was mentioned by the school in the compliance report submitted to the Directorate that the communication has been sent to ex-students for collection of their caution money and thus, the school shall make an adjustment towards unclaimed caution money.

Therefore, the school is again directed to ensure compliance with the aforementioned directions including refund of caution money along with interest to exiting students. Further, the balance of caution money outstanding INR 3,14,500 as on 31.03.2022 has been considered while deriving the fund position of the school.

4. As per Order No. F.DE-15/ACT-I/WPC-4109/PART/13/7905-79 13 dated 16 April 2016, *"The Director hereby specify that the format of the return and documents to be submitted by schools under rule 180 read with Appendix -II of 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."*

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."*

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."*

The Directorate in its Order No. F.DE.15(228)/PSB/2019/1210-1214 dated 29.03.2019 issued to for FY 2017-2018 directed the school to follow the Guidance Note-21 "Accounting by School" issued by ICAI in respect of preparation and presentation of financial statements. However, the school has not complied the same till FY 2021-22.

On review of audited financial statements for FY 2019-20 to 2021-22, the school has presented Fixed Assets (other than assets purchased from development fund) at written down value on the face of the Balance Sheet, which is not in accordance with the disclosure requirements included in the guidance note cited above.

From the financial statements of the school, it was also noted that the school did not charge depreciation at the rates specified in Appendix I to the Guidance Note, which was a contravention of the directions issued by this Directorate. Whereas, the Significant Accounting Policies and Notes to Accounts attached with the financial statements mentions that, depreciation on all fixed assets have been provided at the rates prescribed in the Income Tax Rules, 1962.

Similar observations were also noted in Directorate's Order No. F.DE. 15/(520)/PSB/2022/3028-3032 dated 17.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (547)/PSB/2022/3242-3246 dated 19.05.2022 issued for FY 2019-20 which the school has yet to comply with.

Accordingly, the school is directed to disclose all fixed assets at gross (historic) 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. The school is further directed to follow rates of depreciation specified in the Guidance Note and also ensure consistency between the accounting policy related to fixed assets. The above being a presentation/ disclosure finding, no financial impact is warranted for deriving the fund position of the school.

After detailed examination of all the material on record and considering the clarification submitted by the school, it was finally evaluated/ concluded that:

- i. The total funds available for the FY 2022-23 amounting to INR **1,89,43,900** out of which cash outflow in the FY 2022-23 is estimated to be INR **1,78,22,808**. This results in surplus of INR **11,21,091** 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	51,01,391
Investments as on 31.03.22 as per Audited Financial Statements	15,47,254
Liquid Funds as on 31.03.2022	66,48,645
<u>Add:</u> Amount recoverable from the society for school funds utilised for payment of interest on unsecured loan [Refer Financial Observation No. 2]	11,04,983
<u>Add:</u> Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 1 Below)	1,16,65,079
<u>Add:</u> Other Income for FY 2021-22 as per Audited Financial Statements (Refer Note 1 Below)	80,241
<u>Add:</u> Additional Income of Annual Charges and Development Fund (Refer Note 3 Below)	3,07,786
<u>Add:</u> Additional Fees due to increase in fee @15% from 01.07.2022 (Refer Note 4 Below)	4,41,442
<u>Less:</u> Arrears of FY 2020-21 collected in FY 2021-22 (Refer Note 2 Below)	1,83,469
Total Available Funds for FY 2022-23	2,00,64,708
<u>Less:</u> Caution Money [Refer Other Observation No. 3]	3,14,500
<u>Less:</u> Development Fund Bank Account as on 31.03.2022 [Refer Other Observation No. 2]	8,06,308
Net Available Funds for FY 2022-23 (A)	1,89,43,900
<u>Less:</u> Budgeted expenses for the session 2022-23 (Refer Note 5 Below)	1,78,22,808
Total Estimated Expenditure for FY 2022-23 (B)	1,78,22,808
Net Surplus (A-B)	11,21,091

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 Arrears of Annual Charges and Development Charges of FY 2020-21 collected in FY 2021-22 as per the school's submission are as under:

Particulars	Arrears of FY 2020-21 collected in FY 2021-22
Annual Charges	1,00,345
Development Charges	83,124
Total	1,83,469

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 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:

Table A

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	97,19,888	97,19,888	Annual Charges and Development Charges collected in FY 2021-22 at the rate of 85% in compliance of the Directorate's order dated 01.07.2021 and thus, difference amount of INR 3,07,786 has been considered.
Annual Charges	10,06,932	11,84,626	
Development Charges	7,37,190	8,67,282	
Total	1,14,64,010	1,17,71,796	

Note 4: The school was allowed to increase fee 5% vide Order No. F.DE.15/ (547)/PSB/2022/3242-3246 dated 19.05.2022 issued for FY 2019-20 from 1st July, 2022. The school has submitted that it has increased the fee @5% 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 Expected fee	Increased fee (with fee increase @5% for 9 months)
Tuition fees	97,19,888	-	97,19,888	1,00,84,384
Annual Charges	10,06,932	1,77,694	11,84,626	12,29,049
Development fees	7,37,190	1,30,092	8,67,282	8,99,805
Total	1,14,64,010	3,07,786	1,17,71,796	1,22,13,239
Impact of fee increase				4,41,442

Note 5: All budgeted expenditure proposed by the school amounting to INR 3,52,08,202 has been considered while deriving the fund position of the school except the following:

Head of Expenditure	2022-23 (in INR)	Amount disallowed (in INR)	Remarks
Salary - Teaching and non-teaching staff	2,20,40,592	75,78,724	Restricted to 130% of expenditure incurred in FY 2021-22.
Gratuity	2,50,000	2,50,000	Refer Financial Observation No. 1
Provision for 3 months' salary	55,10,148	55,10,148	The school has not made investments against salary provision, hence the same has been disallowed
Housekeeping Expenses	10,50,000	7,41,549	Restricted to 110% of expenditure incurred in FY 2021-22.
Security Expenses	5,90,000	1,06,751	
Electricity & water expenses	2,85,000	1,31,903	
Advertisement Expenses	1,75,000	46,265	

Head of Expenditure	2022-23 (in INR)	Amount disallowed (in INR)	Remarks
Printing & Stationery Expenses	1,90,000	1,41,436	
Repair and Maintenance of Building	16,00,000	1,18,098	
Interest on unsecured loan	2,50,000	2,50,000	Refer Financial Observation No. 2
Books, writing material and uniform to EWS students	7,00,000	7,00,000	Neither Income nor Expense related to EWS Students has been considered
Activity & Cultural Expenses	3,00,000	3,00,000	Neither Income nor expense has been considered on the assumption that earmarked levies are collected on no profit no loss basis
Transport expenses	15,10,520	15,10,520	
Total	3,44,51,260	1,73,85,394	

Note 6: 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.

Further in the previous years' order of the Directorate, F.DE. 15/(520)/PSB/2022/3028-3032 dated 17.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (547)/PSB/2022/3242-3246 dated 19.05.2022 issued for FY 2019-20, the School was directed to implement the recommendations of 7th CPC for payment of salaries and even allowed the amount of arrears claimed by them at that time and basis that had allowed the school to increase the fee by 5%. However, the school has yet to implement the recommendations of 7th CPC and even not paying salaries at full scale of 7th CPC. The school is again directed to comply the provisions of section 10 of the DSEA, 1973 and release the salaries accordingly. A strict action against the school would be initiated u/s 24(3) of DSEA, 1973 for non-compliance with the direction cited above.

- ii. In view of the above examination, it is evident that the school has 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 DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate the proposal of the school for 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 instructions against which have been given in the order).

AND WHEREAS, it is noticed that the school has incurred INR 11,04,983 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, 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 available with the school for meeting financial implication for the academic session 2022-23.

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 **North-Ex Public School, Pocket – G/27, Sector – 3, Rohini, Delhi – 110085 (School Id: 1413273)** 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 rejected by the Director (Education) with the above conclusion and suggestions.

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/charges during FY 2022-23. In case, the school has already charged increased fee during FY 2022-23, the School should make necessary adjustments from future fee/refund the amount of excess fee collected, if any, as per the convenience of the parents.
2. To ensure payment of salary is made in accordance with the provision of Section 10(1) of the DSEA, 1973. Further, the scarcity of funds cannot be the reason for non-payment of salary and other benefits admissible to the teachers/ staffs in accordance with section 10 (1) of the DSEA, 1973. Therefore, the Society running the school must ensure payment to teachers/ staffs accordingly.
3. To utilize the fee collected from students in accordance with the provisions of Rule 177 of the DSER, 1973 and orders and directions issued by this Directorate from time to time.

Non-compliance of this order or any direction herein shall be viewed seriously and will be dealt with in accordance with the provisions of section 24(4) of Delhi School Education Act, 1973 and Delhi School Education Rules, 1973.

This is issued with the prior approval of the Competent Authority.

Nandini

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

To
The Manager/ HoS
North-Ex Public School,
Pocket – G/27, Sector – 3, Rohini,
Delhi – 110085 (School Id: 1413273)

No. F.DE.15 (1499)/PSB/2023/6729-6733

Dated: 26/07/23

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-II) 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