

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

No. F.DE.15 (158)/PSB/2023/9992-9996

Dated: 08/12/23

Order

WHEREAS, Darbari Lal DAV Model School, BN Block, Shalimar Bagh, Delhi-110058 (School ID - 1309175), (hereinafter referred to as "**the School**"), run by DAV College Trust and management society (hereinafter referred to as "**Society**"), is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi (hereinafter referred to as "**DoE**"), under the provisions of Delhi School Education Act & Rules, 1973 (hereinafter referred to as "**DSEAR, 1973**"). The school is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

AND WHEREAS, every school is required to file a full statement of fees every year before the ensuing academic session under section 17(3) of the DSEA, 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 DSER, 1973.

AND WHEREAS, as per section 18(5) of the DSEA, 1973 read with sections 17(3), 24 (1) and rule 180 (3) of the above DSEA, 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) of the DSEA, 1973 and the rule 180 (3) of DSER, 1973 have been reproduced as under:

Section 18(5): *'the managing committee of every recognised private school shall file every year with the Director such duly audited financial and other returns as may be prescribed, and every such return shall be audited by such authority as may be prescribed'*

Section 24(1): *'every recognised school shall be inspected at least once in each financial year in such manner as may be prescribed'*.

Rule 180 (3): *'the account and other records maintained by an unaided private school shall be subject to examination by the auditors and inspecting officers authorised by the Director in this behalf and also by officers authorised by the Comptroller and Auditor-General of India.'*

AND WHEREAS, besides the above, the Hon'ble Supreme Court in the judgment dated 27.04.2004 held in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others has conclusively decided that under sections 17(3), 18(4) read along with rules 172, 173, 175 and 177, the DoE has the authority to regulate the fee and other charges, with the objective of preventing profiteering and commercialization of education.

AND WHEREAS, it was also directed by the Hon'ble Supreme Court, that the DoE in the aforesaid matter titled Modern School Vs. Union of India and Others in paras 27 and 28 in case of private unaided schools situated on the land allotted by DDA at concessional rates that:



"27....

(c) *It shall be the duty of the Director of Education to ascertain whether terms of allotment of land by the Government to the schools have been complied with...*

28. *We are directing the Director of Education to look into the letters of allotment issued by the Government and ascertain whether they (terms and conditions of land allotment) have been complied with by the schools....*

.....If in a given case, Director finds non-compliance of above terms, the Director shall take appropriate steps in this regard."

AND WHEREAS, the Hon'ble High Court of Delhi vide its judgement dated 19.01.2016 in writ petition No. 4109/2013 in the matter of Justice for All versus Govt. of NCT of Delhi and Others, has reiterated the aforesaid directions of the Hon'ble Supreme Court and has directed the DoE to ensure compliance of terms, if any, in the letter of allotment regarding the increase of the fee by recognized unaided schools to whom land has been allotted by DDA/ land owning agencies.

AND WHEREAS, accordingly, the DoE vide order Nos. F.DE.-15(40)/PSB/2023/1964-1972 dated 01.03.2023 and F.DE.-15(40)/PSB/2023/2685-2692 dated 27.03.2023 for the academic session 2023-24, 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 **2023-24**.

AND WHEREAS, in pursuance to orders dated 01.03.2023 and 27.03.2023 of the DOE, the school submitted its proposal for fee increase for the academic session **2023-24**. Accordingly, the order dispenses the proposal for fee increase submitted by the school for the academic session **2023-24**.

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 2023-24, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 25.09.2023 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. During that hearing, the compliance of order no. F.DE. 15(1004)/PSB/2022/8576-8580 dated 25.10.2022 issued for the academic session 2022-23 was also discussed and the school submission 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 Suggestion for Improvement

1. Clause No. 2 of the Public Notice dated 04.05.1997 states *"It is the responsibility of the society who has established the school to raise such funds from their own sources or donations from the other associations because the immovable property of the school becomes the sole property of the society."*

Additionally, Hon'ble High Court of Delhi in its judgement dated 30.10.1998 titled Delhi Abibhavak Mahasangh states *"The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society."* Also, Clause (vii) (c) of Order No. F.ED/15/Act/2K/243/KKK/ 883-1982 dated 10.02.2005 issued by this Directorate states *"Capital expenditure cannot constitute a component of the financial fee structure."*

Based on the provisions, cost relating to land and construction of the school building has to be met by the society, being the property of the society and school funds should not be utilized for this purpose.

As per order no.F.DE. 15(1004)/PSB/2022/8576-8580 dated 25.10.2022 issued for academic session 2022-23 it was revealed that the school has incurred capital expenditure INR 8,68,972 for construction of school building. In the compliance report dated 28.11.2022, the school has submitted that it had complied with Rule 177 of the DSER, 1973 and also, the expenditure was capitalised on advice of the auditor. It is the duty of school's management to prepare and present the financial statements in accordance with the principle of the generally accepted accounting principles (GAAP) and auditor conducts the audit of financial statements as per the statutory mandate and ICAI guidelines. Thus, the submission of the school cannot be considered and the school is required to recover the amount incurred for construction of building. Accordingly, this has been included in the calculation of funds available to the school with directions to the school to recover this amount from society within 30 days from the date of issue of the order.

2. Clause 14 of the Order No. F.DE/15 (56)/ Act/2009/778 dated 11.02.2009 *"Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixtures and equipment."* Thus, the development fee/funds should not be utilised for any other purposes other than those specified in Clause 14 of the Order dated 11.02.2009.

As per order no.F.DE. 15(1004)/PSB/2022/8576-8580 dated 25.10.2022 issued for academic session 2022-23, it was stated that School has misutilized the Development Fund amount other than the specified purpose to the tune of INR 5,89,48,05 for payment of salary and meet the other expenditures of the school despite of having sufficient fund for payment of salary. It was noted that from review of the audited financial statements of FY 2021-22, the school transferred development fund balance of INR 7,09,68,062 to general funds (O/b INR 7,09,33,399 plus INR 34,663 receipts of advance for FY 2021-22) leaving the closing balance of development funds Nil as on 31.03.2022. The school explained that due to paucity of funds, the school was left with no option except to utilize the development funds for payment of salary and salary related cost. The school also mentioned that the financial conditions of the school in last two were so sever due to which it had to take loan from other school and society. In this regard the school was asked to provide the complete details of development funds utilized towards the payment of salary and other expenditure, but the school has not provided these details for verification. The utilisation of development fund was computed as follows:

Particulars	FY 2020-21	FY 2021-22	Total Amount (INR)
Salary & Allowance as per I&E account	22,45,03,649	22,42,69,288	44,87,2,937
Payment towards Gratuity and Leave encashment as per the details provided by the school	2,5,50,833	2,37,91,388	4,73,42,221
Establishment Expenditure	24,80,54482	24,80,60,676	49,61,15,158



Particulars	FY 2020-21	FY 2021-22	Total Amount (INR)
Less: Amount already available with The school in the form of investment for payment of retirement benefits	-	-	4,73,42,221
Less: Amount pending for payment as per audited financial statements	-	-	9,52,52,342
Net payment of salary in last two years including retirement benefits (A)	-	-	35,35,20,595
Available of Funds with the School			
Fee received by the school other annual charges and development fund	17,08,80,055	15,94,73,945	22,03,54,000
Balance of development funds utilized by the school for payment of salary	-	-	7,09,33,399
Development fee treated as revenue receipts in FY 2021-22	-	-	3,59,29,021
Less: Fee receivable as per audited financial of FY 2021-22			1,28,88,701
Total Funds available with the school for payment of salary (B)			42,43,27,719
Surplus funds (B-A)			7,08,07,124

*As the school had not prepared the Receipts and Payment account correctly, therefore, amount actually collected by the school could not be determined. Hence, income and salary expenditure as per income and expenditure was considered in the above calculation.

And in the absence of necessary information, the development funds/ fee which was used by the school in the previous two years towards payment of salary and other expenditure were considered as available based on the available documents on record.

In view of the above calculation, it can be seen that the school had enough fund to meet salary cost without utilising development funds/fee. Therefore, the amount of development fee collected in last three financial years was not actually utilized by the school for payment of salary only rather it has been used to meet the other expenditures of the school.

Accordingly, the development fee collected by the school minus capital expenditure incurred by the school was determined as amount recoverable from the society/ school management due to misutilization with following details:

Particulars	Amount (INR)
Development fee collected from FY 2019-20 to 2020-21	5,95,96,793
Less: Capital expenditure incurred from FY 2019-20 to 2021-22	6,48,742
Development fee utilized school for revenue expenditure	5,89,48,051

The school has submitted a table contradicting the observation of the directorate. The numbers stated in the compliance order do not match with the amounts stated in the Directorate's order and also, the school has not submitted any documents or records to substantiate its working. Therefore, the submission of the school has not been considered. Therefore, net amount of INR 5,89,48,05 (refer below table) has been included while deriving the fund position of the school.

Further, vide order no.F.DE. 15(1004)/PSB/2022/8576-8580 dated 25.10.2022 issued for academic session 2022-23 it was also stated that based on the past records of the school and as pointed out by the DoE in its hike order issued to the school for FY 20217-18, it was found that



the school had incurred INR 37,77,400 for the purchase of two CNG buses during FY 2016-17 and reported the same as utilisation of development fund in the audited financial statements. The expenditure incurred by the school was neither in accordance with Clause 14 of the order dated 11.02.2009 nor Rule 177 of DSER, 1973. Given the fact that the school does not maintain a transport fund account and creates any reserve for the saving from transportation services which can be utilized for the purchase of buses in future. The school has submitted that it had surplus fund during FY 2015-16 and 2016-17 and these were utilised for the purchase of buses. The school has not substantiated the surplus derived out of the transport activity as on review of the surplus claimed by the school it is noted that there was around 40% profit margin during those years, which also seems to out of proportion. Thus, the school submission has not been considered and the school is required to submit complete details of transport fee and incomes along with copy of audited balance sheet for those years. Also, school need to justify whether all related expenses are considered while calculating the surplus. The details shall be reviewed at the time of evaluation of next fee proposal of the school.

In view of the above, the amount of development fund utilized by the school for purchase of bus without complying with the above-mentioned provisions is recoverable from society and has been included while deriving the fund position of the school with the direction to the school to recover this amount within 30 days from the date of issue of the order.

Further, vide order no.F.DE. 15(1004)/PSB/2022/8576-8580 dated 25.10.2022 issued for academic session 2022-23, it was observed that the school depreciation reserve fund was not maintained in accordance with clause 14 of the order dated 11.02.2009 and school had presented consolidated fixed assets schedule for the purchase of assets both from development funds and general funds. In the audited financial statements, the school has presented two fixed assets schedule for the purchase of assets both from development funds and general funds.

3. Para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India "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"

Vide Directorate's order no.F.DE. 15(1004)/PSB/2022/8576-8580 dated 25.10.2022 issued for academic session 2022-23, it was noted that the school upon purchase of assets out of the development funds, transfers an amount equivalent to the cost of the assets to General Funds instead of transferring it as deferred income which may be written off in proportion of deprecation charged on the assets. As the school has not been following correct accounting treatment with respect development fund utilization resulting incorrect reporting of General Reserve. In the compliance report, the school has submitted that "*Noted for future compliance.*"

On review of financial statements for FY 2022-23, the school has not changed the accounting practice and not followed the para 99 of the Guidance Note 21. Accordingly, the operation loss of INR 34.53 crores reported by the school in the audited financial statements for FY 2022-23 is not correct and misleading to the reader of financial statements.

The school is again directed to ensure the compliance of para 99 of the Guidance Note -21 and the same shall be verified at the time of evaluation of fee proposal for subsequent academic year.



4. As per Rule 177 of DSEA & R 1973, "(1) Income derived by an unaided recognised school by way of fees shall be utilised in the first instance, for meeting the pay, allowances and other benefits admissible to the employees of the school:

Provided that savings, if any from the fees collected by such school may be utilised by its management committee for meeting capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely:

- *award of scholarships to students.*
- *establishment of any other recognised school, or*
- *assisting any other school or educational institution, not being a college, under the management of the same society or trust by which the first mentioned school is run.*

(2) The savings referred to in sub-rule (1) shall be arrived at after providing for the following namely:

- a) *pension, gratuity and other specified retirement and other benefits admissible to the employees of the school.*
- b) *the needed expansion of the school or any expenditure of a developmental nature.*
- c) *the expansion of the school building or for the expansion or construction of any building or establishment of hostel or expansion of hostel accommodation.*
- d) *co-curricular activities of the students.*
- e) *reasonable reserve fund, not being less than ten per cent, of such savings."*

As per order no.F.DE. 15(1004)/PSB/2022/8576-8580 dated 25.10.2022 issued for academic session 2022-23 read with order No. F.DE-15(36)/PSB/2020/9595 dated 21.12.2020, it was directed to the school to recover INR 3,87,600 from society on account of expenditure incurred for scholarship awards to the meritorious students in contravention of Rule 177 of the DSER, 1973. As per compliance report submitted by the school, this amount is not recovered from the society yet. It is reiterated that the school has not complied with the Rule 177 of DSER, 1973 as it failed to ensure payment of salaries and other dues to staff including allowances and the retirement benefits. Therefore, the amount of INR 3,87,600 has been considered as fund available with the school and accordingly added while determining the fund availability. The school is directed to recover the aforesaid amount from the society within 30 days from the date of issue of the order.

5. As per order no.F.DE. 15(1004)/PSB/2022/8576-8580 dated 25.10.2022 issued for academic session 2022-23 read with order No. FDE15(31) PSB/2019/902-906 dated 22.01.2019, it is stated that school was directed to recover the INR 66,64,224 on account of excess administrative charges paid to DAV CMC.

In the compliance report, the school has submitted that it has stopped the payment of administrative charges to the DAV CMC since August, 2018 and currently, they have been following administrative charges @2% instead of 4% of basic pay. Further, it is noted that the school charges an additional amount of 2% of basic pay as 'service charges'.

In view of the above, the school is required to submit the calculation of basic pay and corresponding administrative charges and service charges due from 2017-18 onward. The details of payments of administrative charges and service charges, if any made and the amount booked in the Income and Expenditure also need to be furnished with copy of audited financial statements for verification.



Therefore, excessive administrative charges paid by the school to DAV CMC as per the previous order of FY 2019-20 amounting to INR 66,64,224 is still recoverable from society and accordingly has been included while deriving the fund position of the school. The school is directed to recover the aforesaid amount from the society within 30 days from the date of issue of the order.

Furthermore, on the above lines, budgeted expenditure on service charges (@2%) INR 29,21,564 is also not considered while evaluating fee hike proposal for academic year 2023-24.

6. Para 7.14 of AS-15 "Employee Benefit" issued by the Institute of Chartered Accountants of India (ICAI) states "Plan Assets as:
- a) assets held by a long-term employee benefit fund; and
 - b) qualifying insurance policies."

Further, the para 57 of the AS-15 states "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."

Review of the audited financial statements of FY 2022-23 revealed that the school recorded total liability of INR 22,81,91,437 for retirement benefit as on 31.03.2023, however, against this school had deposited INR 6,20,44,811 with LIC which is considered as plan asset as per the definition of Plan assets given in the AS 15. Therefore, the amount deposited by the school in plan assets has been considered while deriving the fund position of the school with the direction to the school to invest the remaining amount in the plan assets.

7. As per order no. F.DE. 15(1004)/PSB/2022/8576-8580 dated 25.10.2022 issued for academic session 2022-23 read with order issued for fee hike for academic session 2016-17, school paid INR 5,00,000 on the advertisement and publicity during FY 2016-17 and same was directed to recover from the society.

Post personal hearing, the school has submitted the response stating that this amount was paid as part of the subscription to defray the expenses of holding a function in Jawahar Lal Nehru Stadium wherein students of the school also participated besides other schools.

However, the school did not provide supporting documents with respect to such an event, i.e., list of participant schools, number of school participants, amount of contribution, total cost incurred, supporting of the invoices, basis of allocation of cost, etc.

Accordingly, this amount is considered as fund available with school and has been added while determining the fund position of school for academic session 2023-24 and the school is directed to recover the aforesaid amount from the society within 30 days from the date of issue of the order.

B. Other Suggestion for Improvements

1. Clause 19 of order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 states "The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal benefits as also the expenditure of revenue nature concerning the curricular activities."

Clause 21 of order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 states "No annual charges shall be levied unless they are determined by the Managing Committee to cover all revenue



expenditure, not included in the tuition fee and 'overheads' and expenses on play-grounds, sports equipment, cultural and other co-curricular activities as distinct from the curricular activities of the school."

Clause 22 of order No. F.DE /15(56)/ Act/2009/778 dated 1.02.2009 states *"Earmarked levies will be calculated and collected on 'no-profit no loss' basis and spent only for the purpose for which they are being charged."*

Clause 6 of order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999 states *"Earmarked levies shall be charged from the user student only."*

Rule 176 of the DSER, 1973 states *"Collections for specific purposes to be spent for that purpose."*

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

Also, earmarked levies collected from students are form of restricted funds, which, according to Guidance Note-21 'Accounting by Schools' issued by the Institute of Chartered Accountants of India, are required to be credited to a separate fund account when the amount is received and reflected separately in the Balance Sheet.

Further, the Guidance Note-21 lays down the concept of fund-based accounting for restricted funds, whereby upon incurrence of expenditure, the same is charged to the Income and Expenditure Account and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account.

From the information provided by the school, it has been noted that school charges earmarked levies in the form of Transport Fee, Computer fees, and Science fees, etc., from the students but has not maintained fund-based accounting.

The earmarked levies are to be collected only from the user students availing the services, and if any service/facility has been extended to all the students at the school, a separate charge cannot be levied towards these services by the school as the same would get covered either from tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). Accordingly, charging earmarked levies in the name of Activity fees, Computer fees and CCE Multimedia Fees from all the students loses its character of earmarked levy.

Thus, the school is directed not to charge such fee as earmarked levy with immediate effect and should incur the expenses relating to these from tuition fee and/or annual charges.

2. As per the Director's order no, FDE15(31) PSB/2019/902-906 dated 22.01.2019 issued for academic session 2017-18, it was observed that the school has not prepared Fixed Asset Register (FAR), During personal hearing the school submitted that it has formed a team for physical verification of fixed assets and all the data has been captured in Microsoft excel post physical verification of fixed assets. It is also submitted that it had purchased a software in July

2018 and feeding the data in the software since 01.04.2014 by taking closing balance of 31.03.2014.

The school was asked to provide a copy of the fixed assets register either in soft copy or hard copy order to see the progress of work, but the school has not provided these details for verification. In the absence of the same, it cannot be ascertained whether has prepared fixed assets register or not and that too in the proper format. The fixed asset register normally includes basic details such as asset description, date, supplier name, invoice number, manufacturer's serial number, location, purchase cost, other costs incurred, depreciation, asset identification number, etc. to facilitate identification of assets and documenting complete details of assets at one place. Therefore, the school is directed to prepare and submit the fixed assets register at the earliest. The same shall be verified at the time of evaluation of the fee proposal of the school for the next academic session.

3. The Directorate vide its order No. F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 directed that the school shall provide 25% reservation to children belonging to EWS category. Even as per the land allotment letter, the school is required to provide free ship to students belonging to weaker section. However, it has been noted that the school was not complying with the abovementioned DOE's Order and condition mentioned in the land allotment letter which provides for granting of free ship to the extent of 25% to the children belonging to EWS category. Therefore, the DDE District is required to look into this matter and ensure compliance with the above requirements. The details of total students and EWS students for 2022-23 is tabulated below:

Particulars	FY 2022-23
EWS	859
Total Strength	4238
% of EWS students to total strength	20.27%

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 with the school for FY 2023-24 amounting to INR**35,50,17,306** out of which estimated expenditures (i.e., outflow) for the FY 2023-24 is to be INR**37,45,76,693**. This results in net deficit amounting to INR**1,95,59,387** for the FY 2023-24 after making all payments. The details are as follows:

Particulars	Amount (in INR)
Cash and Bank balances as on 31.03.23 as per Audited Financial Statements	2,77,52,724
Investments as on 31.03.23 as per Audited Financial Statements	6,20,44,811
Liquid Funds as on 31.03.2023	8,97,97,535
Add: Recovery from Society for Construction of Building (Refer Financial suggestion for improvement no. 1)	8,68,972
Add: Usage of Development Fund in contravention of clause 14 of order dated 11.02.2009 (Financial Suggestion for improvement no. 2)	5,89,48,051
Add: Recover from Society for purchase of buses (Refer Financial Suggestion for improvement no. 3)	37,77,400
Add: Recovery from society for payment of scholarship with complying with Rule 177 of DSER (Refer Financial Suggestion for improvement no. 5)	3,87,600
Recovery of excess administrative charges paid (Refer Financial Suggestion for	66,64,224

Particulars	Amount (in INR)
improvement no. 6)	
Recovery from society on account of advertisement expenditure incurred (Refer financial suggestion for improvement no. 7)	5,00,000
Add: Expected Fees for FY 2023-24 (Refer Note 1 below)	22,15,25,240
Add: Other Income for FY 2022-23 as per Audited Financial Statements	3,80,58,929
Total Available Funds for FY 2023-24	42,05,27,951
Less: FDR in the joint name of Manager, School, and Dy. Director of Education as on 31.03.2023	9,82,617
Less: Development Fund as on 31.03.2023 as per Audited Financial statements of FY 2022-23	24,83,217
Less: Depreciation Reserve Fund (Refer Note 3 below)	-
Less: Gratuity and leave encashment LIC as per Audited Financial statements of FY 2022-23	6,20,44,811
Net Available Funds for FY 2023-24 (A)	35,50,17,306
Less: Budgeted expenses for the session 2023-24 (Refer Note 2)	37,14,69,035
Less: Salary arrears on account of implementation of 7 th CPC (Refer Note 4 below)	31,07,658
Total Estimated Expenditure for FY 2023-24 (B)	37,45,76,693
Net Deficit (A-B)	1,95,59,387

Note 1: A hike of 18% was given to school w.e.f. 01.10.2022 vide order no.F.DE. 15(1004)/PSB/2022/8576-8580 dated 25.10.2022. The estimated receipt on account of Fee is calculated considering this hike. The school had provided the details of expected fee to be received in academic session for 2023-24 after considering this impact. Further, it is noticed that there is a discrepancy in total students/fee paying students which was used to compute estimated fees for 2023-24 vis-à-vis student details submitted with fee hike proposal for academic session 2023-24. In this reference school stated that number of students has been declined by 254 students from the details of student submitted at the time of fee hike proposal.

Note 2: All budgeted expenditure proposed by the school amounting INR 49,55,50,599 has been considered while deriving the fund position of the school except the following:

Heads	Budgeted expenditure in FY 2023-24	Amount Disallowed	Remarks
7 th CPC DA arrear	8,18,60,000	8,18,60,000	Considered Separately
7 th CPC Salary arrear	1,77,00,000	1,77,00,000	
Loan Paid	1,80,00,000	1,80,00,000	School has not submitted the details of source of loan and utilisation thereof
Bus hire Charges	30,00,000	30,00,000	Neither Income nor expenditure are considered
Bus Maintenance Expenses	6,00,000	6,00,000	
Administrative Charges	29,21,564	29,21,564	Refer financial suggestion for improvement no. 5
Total	12,40,81,564	12,40,81,564	

Note3: As per the Duggal Committee report, there are four categories of fees that can be charged by a private unaided School. The first category of fee comprised of "Registration fee and all one Time Charges" levied at the time of admissions such as admission and caution money. The second category of fee comprises 'Tuition Fee' which is to be fixed to cover the standard cost of the establishment and

to cover the expenditure of revenue nature for the improvement of curricular facilities like library, laboratories, science, and computer fee up to class X and examination fee. The third category of the fee should consist of 'Annual Charges' to cover all expenditure not included in the second category and the fourth category consist of all 'Earmarked Levies' for the services rendered by the school and be recovered only from the 'User' students. These charges are transport fee, swimming pool charges, Horse riding, tennis, midday meals etc. This recommendation has been considered by the Directorate while issuing order No. DE.15/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.

The purpose of each head of the fee has been defined and it is nowhere defined the usage of development fee or any other head of fee for investments against depreciation reserve fund.

Further, Clause 7 of order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and clause 14 of the order no F.DE./15(56)/Act/2009/778 dated 11.02.2009, "development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixture 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". Thus, the above direction provides for:

- a. Not to charge development fee for more than 15% of tuition fee.
- b. Development fee will be used for purchase, upgradation and replacement of furniture, fixtures, and equipment.
- c. Development fee will be treated as capital receipts.
- d. Depreciation reserve fund is to be maintained.

Thus, the creation of the depreciation reserve fund is a pre-condition for charging of development fee, as per above provisions and the decision of Hon'ble Supreme court in the case of Modern School Vs Union of India & Ors.: 2004(5) SCC 583. Even the Clause 7 of the above direction does not require to maintain any investments against depreciation reserve fund. Also, as per para 99 of Guidance Note-21 'Accounting by School' 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 there commendations 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."

Accordingly, the depreciation reserve (that is to be created equivalent to the depreciation charged in the revenue account) is mere of an accounting head for the appropriate accounting treatment of depreciation in the books of account of the school in accordance with Guidance Note -21 issued by the Institute of Chartered Accountants of India. Thus, there is no financial impact of depreciation reserve on the fund position of the school. Accordingly, the depreciation reserve fund for the FY 2022-23 has not been considered while deriving the fund position of the school.

Note 4: 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.

The school has budgeted INR 9,95,60,000 as impact of 7th CPC on salaries and arrears of salary. Vide order no.F.DE. 15(1004)/PSB/2022/8576-8580 dated 25.10.2022 issued for academic session 2022-23, INR 9,52,52,342 was allowed to the school with the directions to disburse arrears to the staff. As stated above, the school has been allowed 7th CPC arrears in each previous orders issued by the directorate and it would not be inappropriate if whole amount of arrears is allowed to the school again. Thus, remaining amount of arrears has been considered in the order. The school is also directed to ensure to disclose its full liability for 7th CPC arrears in the audited financial statements and no impact of salary arrears will be allowed unless the same is disclosed/presented as liability of the school in the financial statements duly audited by the independent auditor.

- 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 **2023-24**. 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 utilizing 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 utilized 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 2023-24 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 **2023-24**.

AND WHEREAS, while evaluating the fee hike proposal, department considers that how much liquid funds would require the school for a particular session for smooth operation without compromising with the quality of education. Thus, while deriving the fund position of the school all legitimate expenditures revenue as well as capital in accordance with the provisions DESAR, 1973 and pronouncement of Courts judgment have been considered. Therefore, balance of the other current assets other and current liabilities has not been considered. Because it is clear that the current assets, loans and advances and current liabilities are cyclic in nature and the same have already been considered in the form of budgeted income and expenditure of the school in the earlier years. Thus,

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current assets, loans and advances and current liabilities will always reflect in the financial statements at the end of the financial year.

AND WHEREAS, it is noticed that the school has incurred an expenditure of INR 7,11,46,247 in contravention of the provisions of DSEAR, 1973 and DSEA, 1973 guidelines, circulars 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 DSEAR, 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 not available with the school for meeting financial implication for the academic session 2023-24. 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 9% to be effective from 01.10.2023.

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 thus, school should ensure to charge fee only under the prescribed heads for the defined purposes.

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 , **Darbari Lal DAV Model School, BN Block, Shalimar Bagh, Delhi-110058 (School ID – 1309175)** filed by the school in response to the order Nos. F.DE.-15(40)/PSB/2023/1964-1972 dated 01.03.2023 and F.DE.-15(40)/PSB/2023/2685-2692 dated 27.03.2023 for the academic session **2023-24**, is accepted by the Director (Education) with the above conclusion and suggestions and the school is allowed to increase the fee by 9% for session 2023-24 to be effective from 01.10.2023.

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

1. To increase the fee only by the prescribed percentage from the specified date i.e., 01.10.2023.
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. Further, the management of said School is hereby directed under section 24(3) of DSEA, 1973 to comply with the following directions:

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
Darbari Lal DAV Model School (School Id – 1309175)
Shalimar Bagh
New Delhi-110058**

No. F.DE.15(658)/PSB/2022/9092-9096

Dated: 08/12/23

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


(JAI PARKASH)

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