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

No. F.DE.01 (003)/PSB/2023-24/12-16 Dated: 14/03/2024

Order

WHEREAS, **De Indian Public School, Pocket-11, Sector-24, Rohini, Delhi-110085, (School Id-1413294)** (hereinafter referred to as **"the School"**), run by the **M.D. Education Society** (hereinafter referred to as the "**Society")**, is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi (**hereinafter referred to as "DoE"),** under the provisions of Delhi School Education Act, 1973 (**hereinafter referred to as "DSEA, 1973"**) and the Delhi School Education Rules, 1973 (**hereinafter referred to as "DSER, 1973"**). The school is statutorily bound to comply with the provisions of the DSEA, 1973, DSER, 1973 and the 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, this 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, this Directorate has deployed teams of Chartered Accountants at HQ level who has evaluated the fee increase proposals of the School carefully in accordance with the provisions of the DSEA, 1973, DSER, 1973, and other orders/circulars issued from time to time by this Directorate.

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 26.02.2024 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(1563)/PSB/2023/8218-8222 dated 25.09.2023 issued for the academic session 2022-23 was also discussed and the school submissions were taken on record.

AND WHEREAS, on receipt of clarification as well as documents uploaded on the web portal for the fee increase and subsequent documents submitted by the school post personal hearing, were evaluated by the team of Chartered Accountants. After evaluation of fee hike proposal of the school and its subsequent clarifications and submissions, the key suggestions noted for improvement by the school are hereunder:

A. Financial Suggestions for Improvement

1. Clause 2 of 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, the Hon'ble High Court of Delhi in its judgement dated 30.10.1998 in the case of Delhi Abibhavak Mahasangh concluded that "*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.DE/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.*"

Further, clause 7.24 of the Duggal Committee Report states *"the schools, do not discharge any of the functions, which rightly fall in the domain of the society out of the fees and other charges collected from the students; or where the parents are made to bear, even in part, the financial burden for the creation of facilities including building, on a land which had been given to the society at concessional rates for carrying out a "philanthropic" activity. One only wonders what then is the contribution of the society that professes to run the School".*

Based on the public notice and High Court judgement, the cost relating to land and construction of the school building must be met by the society, being the property of the society and school funds i.e., fee collected from students cannot to be utilized for the same.

The Directorate in its Order No. F.DE-15(273)/PSB/2019/1500-1504 dated 04.04.2019 issued for FY 2017-18, Order No. F.DE. 15/(439)/PSB/2022/2127-2131 dated 21.04.2022 issued for FY 2018-19, Order No. F.DE.15/ (435)/PSB/2022/2107-2111 dated 21.04.2022 issued for FY 2019-20 and Order No. F.DE.15(1563)/PSB/2023/8218-8222 dated 25.09.2023 for FY 2022-23, noted that the school has utilised INR 2,30,34,717 during FY 2014-15 to 2016-17 out of school funds for construction of building and swimming pool and the school was directed to recover this amount from the society. However, no amount is recovered from the society till date.

The school in its compliance report submitted a note signed by the school principal and a chartered accountant firm who were also said to be the auditors of the school during the F.Y. 2014-15 to 2016-17 stating that the expenses capitalized were of revenue nature. This note cannot be accepted due to following reasons:

i. This note cannot be treated as a certificate because the chartered accountant has neither certified the contents nor he has stated that the erroneous treatment, if any, in the financial statement was rectified at a later date.
ii. The note is not issued in accordance with the *"Guidance Note on Reports or Certificates for Special Purposes"* issued by The Institute of Chartered Accountants of India.
iii. This note is not issued on the letter head of the chartered accountant firm

Since, the school has not ensured the compliance of Rule 177 which provides that the school funds at the first instance be utilised for the purpose of payment of staff salaries, allowances and other dues payable to them including gratuity and leave encashment. And in order to ensuring gratuity and leave encashment investments are required to be made in the plan assets as defined in AS-15 for Employee benefits as issued by the Institute of Chartered Accountants of India. Thus, instead of investing the amount in plan assets the school funds were utilised for construction of building. And therefore, the submission of the school is not correct and accordingly, INR 2,30,34,717 has been added to the funds position of the school with the direction to the school to recover this amount from the society within 30 days from the date of issue of this order.

2. As per the Directorate's Order No. DE 15/Act/Duggal.com/203/ 99/23033/23980 dated 15.12.1999, *"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 in its Order No. F.DE-15(273)/PSB/2019/1500-1504 dated 04.04.2019 issued for FY 2017-18, Order No. F.DE. 15/(439)/PSB/2022/2127-2131 dated 21.04.2022 issued for FY 2018-19, Order No. F.DE.15/ (435)/PSB/2022/2107-2111 dated 21.04.2022 issued for FY 2019-20 and Order No. F.DE.15(1563)/PSB/2023/8218-8222 dated 25.09.2023 for FY 2022-23, noted that INR 13,23,412 was receivable from Golden Bells School (another school under the management of the same society), which had been carried over from previous financial years.

The school explained that this amount is related to the fraud which occurred in 2011, for which school had filed a FIR. The school already recovered this amount however, due to some accounting error the ledger of Golden Bells School could not be adjusted and therefore, the amount was reflecting recoverable. The school further mentioned in its compliance report that during FY 2017-18 that it had adjusted this amount with the society balance which was payable by the school to the society. Same reply was given by the school during the personal hearing on 26.02.2024. The adjustment is mere book entry and thus the school has not recovered the above amount from Golden Bells School. Accordingly, INR 13,23,412 has been included in the fund position of the school with the direction to the school to recover this amount from the society within 30 days from the date of issue of this order.

3. The Directorate in its Order No. F.DE-15(273)/PSB/2019/1500-1504 dated 04.04.2019 for FY 2017-18, Order No. F.DE. 15/(439)/PSB/2022/2127-2131 dated 21.04.2022 issued for FY 2018-19 and Order No. F.DE.15/(435)/PSB/2022/2107-2111 dated 21.04.2022 issued for FY 2019-20 directed the school to recover INR 1,22,36,715 (i.e. INR 99,00,000 + INR 23,36,715) for payment made to the society in FY 2016-17 and 2017-18. Further, vide order no.F.DE.15(1563)/PSB/2023/8218-8222 dated 25.09.2023 for FY 2022-23, after considering the submission of the school, this amount was ascertained to INR 1,09,13,303 being recoverable from the society.

As per the above orders, the payment made by the school of INR 99,00,000 to M.D. Education Society in FY 2016-17 pertain to the repayment of loan taken in FY 2011 for furniture and equipment and the school could not substantiate receipt of such amount from the society in FY 2011. The school could not show the recovery of this amount from the society and accordingly this amount of Rs. 99,00,000/- is added to the funds position of the society.

Further, the Directorate in its Order No. F.DE. 15(273)/PSB/2019/1500-1504 dated 04.04.2019 for FY 2017-18, Order No. F.DE. 15/(439)/PSB/2022/2127-2131 dated 21.04.2022 issued for FY 2018-19, Order No. F.DE. 15/(435)/PSB/2022/2107-2111 dated 21.04.2022 issued for FY 2019-20 and Order No. F.DE.15(1563)/PSB/2023/8218-8222 dated 25.09.2023 for FY 2022-23, noted that during FY 2017-18, the school has repaid INR 23,36,715 to the M.D. Education Society for which the school could not provide any justification and repeated the same justification which was provided by it earlier at the time of evaluation of fee increase proposal for FY 2017-18.

The school in its compliance report has submitted society ledger for FY 2017-18 which revealed that INR 10,00,487 belong to TDS receivable of school and INR 13,36,228 belong to adjustment of Golden Bell School balance. Regarding the balance of Golden Bell School, this has already been discussed in the above-mentioned Point No. 2 of the Financial Suggestion and regarding TDS Receivable adjustment, this amount is recoverable by the school from the society as it related to the tax deducted on the interest income of the school. Therefore, total amount of INR 10,00,487 (i.e. INR 23,36,715 minus INR 13,36,228) has been added to the funds position of the school.

Accordingly, INR 1,09,00,487 is recoverable from the society and has been included while deriving the fund position of the school with the direction to the school to recover this amount from the society within 30 days from the date of issue of this order.

4. Order dated 19.01.2016 issued by the Hon'ble High Court of Delhi state *"every recognized unaided schools to whom land was allotted by DDA shall not increase the rate of fees without the prior sanction of Director, Education"*. Further, as per the directions of Supreme Court in ***Modern School vs. Union of India &Ors.*** (supra), a Circular dated 16.04.2010 has been issued reiterating as under:

a) It is reiterated that annual fee-hike is not mandatory.
b) School shall not introduce any new head of account or collect any fee thereof other than those permitted. Fee/funds collected from the parents/students shall be utilized strictly in accordance with rules 176 and 177 of the Delhi School Education Rules, 1973.
c) If any school has collected fee in excess of that determined as per procedure prescribed, the school shall refund/adjust the same against subsequent instalments of fee payable by students.

Also, Clause no. 17 of Letter of Allotment of Land issued by DDA states that *"The school shall not increase the rates of tuition fee without prior sanction of the Directorate of Education, Delhi Admn. and shall follow provisions of Delhi School Education Act/ Rules, 1973 and other instructions issued from time to time."*

The Directorate in its Order No. F.DE-15(273)/PSB/2019/1500-1504 dated 04.04.2019 issued for FY 2017-18, noted that the school has increased the fees for academic session 2016-17 without prior approval of the Directorate even though the fee increase proposal of the school for 2016-17 was rejected by the Director of Education vide Order No. F.DE-15/ACT-I/WPC-4109/ PART/13/ 964 dated 13.10.2017. Based on the information provided by the school, an amount of INR 11,57,280 on account of increased tuition fee and INR 4,46,040 on account of increased development fee totalling to INR 16,03,320 was collected by the school during the FY 2016-17. However, the same was neither refunded nor adjusted against the future dues of the students.

The school in the compliance report vide letter dated 18.02.2022 has mentioned that it has adjusted the hiked fee for FY 2016-17 and 2017-18 and has also rolled back the hiked fee as directed/ instructed by the Directorate. Therefore, the amount collected by the school during FY 2016-17 to 2018-19 of INR 48,09,960 (16,03,320 x 3) against hiked fee has not been adjusted in the calculation of fund position of the school as the same has already been adjusted by the school. The school was, vide Order No. F.DE.15(1563)/PSB/2023/8218-8222 dated 25.09.2023 for FY 2022-23, directed to submit fee receipts to substantiate its claim that it has adjusted future fee or refunded the hiked fee to the students. But the school has not submitted the fees receipts as directed. The school is again directed to submit fee receipts to substantiate its claim that it has adjusted future fee or refunded the hiked fee to the students. The compliance of the above direction shall be viewed at the time of evaluation of fee increase proposal of subsequent year.

5. The Directorate in its order no. F.DE-15(273)/PSB/2019/1500-1504 dated 04.04.2019 issued for FY 2017-18, noted difference between the income reported in audited Financial Statements and income computed based on the fee structure submitted by the school for FY 2016-17. For which the school could not provide proper justification for such differences and the reconciliation for such differences. The details of such differences are as follows:

(Amount in INR)

Particulars	As per Income and Expenditure A/c (A)	Computed figure based on details provided by the school (B)	Income recorded on account of increased fee (C)	Derived difference (A-B-C)
Tuition fee	2,58,44,448	2,33,62,200	11,57,280	13,24,968
Development fee	64,58,674	64,42,800	4,46,040	(4,30,166)
Annual Charges	77,97,950	61,95,000	-	16,02,950

In the aforesaid order the school was directed to perform a detailed reconciliation of the amount collected/ income from the students and income as computed on the basis of fee structure of the school and number of fee students enrolled in the school. The school has not submitted any reconciliation as directed above. Therefore, it appears that there is serious internal control lapses over the income collected and in accounting system adopted by the school for this purpose. The school is hereby again directed to take this matter seriously and submit the compliance report within 30 days from the date of issue of this order.

6. Para 49 of Accounting Standard 15 'Employee Benefits' issued by The Institute of Chartered Accountants of India states *"Accounting for defined benefit plan 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, para 57 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 recognized in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date*". Also, para 7 of the Accounting Standard defines Plan Assets as:

(a) Assets held by a long-term employee benefit fund; and
(b) Qualifying insurance policies.

On review of the audited financial statements for FY 2022-23, it is noted that the school has made a total provision of INR 1,12,30,866 towards gratuity and INR 8,80,659 towards leave encashment as on 31.03.2023. However, the school has made provision for leave encashment only in accordance with the actuarial valuation report for measuring its liability towards retirement benefits as on 31.03.2023. Further, the school has deposited INR 30,00,000 with LIC that qualify as plan assets (i.e., group gratuity and leave encashment policies of LIC or other insurer) to earmark funds towards statutory liability of staff gratuity which has been considered in the funds position of the school.

Therefore, 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. Further, the school has proposed INR 37,46,515 towards gratuity and leave encashment in the budget for FY 2023-24 which has not been considered in the fund position of the school.

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

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

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

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

Further, 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 2 May 2016 in the matter of Modern Dental College and Research Centre Vs. State of Madhya Pradesh [Medical Council of India] held that education is a noble profession. *"Every demand of capitation fee by educational institutions is unethical & illegal. It emphasised 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,"

The Directorate in its Order No. F.DE. 15/(439)/PSB/2022/2127-2131 dated 21.04.2022 issued for FY 2018-19 and Order No. F.DE.15/ (435)/PSB/2022/2107-2111 dated 21.04.2022 issued for FY 2019-20, directed the school not to collect any one-time fee, by whatever name called from the students admitted to the school and adjust/refund the fee so collected during against the future dues of the students.

The Directorate in its Order No. F.DE.15(1563)/PSB/2023/8218-8222 dated 25.09.2023 for FY 2022-23, directed the school that the 'Operational Charges' amounting to INR 33,17,375 (13,62,375+19,55,000) related to FY 2019-20 to 2021-22 be refunded/adjusted against the future dues of the students and submit the evidence of the same within 30 days from the date of issue of said order. However, no such compliance has been shown by the school. The school is again directed to refund/adjust the same against the future dues of the students and submit the evidence of the same within 30 days from the date of issue of this order.

8. Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11.02.2009 states "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 income generated from the investment made from this fund, will be kept in a separately maintained Development Fund Account."

The Supreme Court in the matter of Modern School held that development fees for supplementing the resources for purchase, upgradation and replacements of furniture and fixtures and equipment can by charged from students by the recognized unaided schools not exceeding 15% of the total annual tuition fee. Further, the Directorate's circular no. 1978 dated 16 Apr 2010 states "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." Over the years, the school has accumulated "Development Fund (Unutilized)" account which has reflected a closing balance of Rs. 1,00,32,264 in its audited financial statements of FY 2022-23. Therefore, the accumulated reserve of "Development Fund (Unutilized)" created by the school by collecting development fee more than its requirement for purchase, upgradation and replacements of furniture and fixtures and equipment has been considered as a free reserve available with the school.

Accordingly, "Development Fund (Unutilized)" equivalent to the amount collected in FY 2022-23 i.e. Rs. 68,68,520 has been considered as fund position of the school.

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 audited Financial Statements for FY 2019-20 to 2021-22, it was noted that the school was charging earmarked levies in the name of Transport Fee, Smart Class Fee, Science Fee, Activity Fee, IP Fee and IT Fee. However, from FY 2021-22, the school started maintaining separate fund accounts for Transport Fee and Science Fee only but not for other earmarked levies. Now, during the FY 2022-23 the school has maintained separate account for all the earmarked levies except "Activity Fees". This earmarked levy has a surplus, which was utilized for meeting other expenses of the school. Details of calculation of surplus/deficit, based on breakup of expenditure provided by the school for FY 2019-20 to 2022-23 are given below:

Particulars	**Transport fee**	**Smart class fee**	**Science fee**	**Activities fee**	**IP fee**	**IT fee**
For the year 2019-20						
Fee Collected during the year (A)	46,82,996	11,51,232	63,900	1,34,09,577	75,600	8,10,500
Expenses during the year (B)	32,71,917	12,26,075	1,11,635	46,47,224	-	2,56,484
Difference for the year (A-B)	**14,11,079**	**-74,843**	**-47,735**	**87,62,353**	**75,600**	**5,54,016**
For the year 2020-21						
Fee Collected during the year (A)	-	-	-	-	-	-
Expenses during the year (B)	10,41,447	48,814	-	-	-	1,32,650
Difference for the year (A-B)	**-10,41,447**	**-48,814**	**-**	**-**	**-**	**-1,32,650**

Particulars	Transport fee	Smart class fee	Science fee	Activities fee	IP fee	IT fee
For the year 2021-22						
Fee Collected during the year (A)	-	7,590	-	99,000	7,500	-
Expenses during the year (B)	8,19,135	-	-	3,200	-	94,300
Difference for the year (A-B)	**-8,19,135**	**7,590**	-	**95,800**	**7,500**	**-94,300**
For the year 2022-23						
Fee Collected during the year (A)	-	-	-	1,30,24,440	-	-
Expenses during the year (B)	-	-	-	18,78,260	-	-
Difference for the year (A-B)	-	-	-	**1,11,46,180**	-	-

Similar observations were also noted in Directorate's Order No. F.DE. 15/(439)/PSB/2022/2127-2131 dated 21.04.2022 issued for FY 2018-19, Order No. F.DE. 15/(435)/PSB/2022/2107-2111 dated 21.04.2022 issued for FY 2019-20 and order no.F.DE.15(1563)/PSB/2023/8218-8222 dated 25.09.2023 for FY 2022-23 which the school has yet to comply with.

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 smart class 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. 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.

Incidental surplus, if any, generated from earmarked levies has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies during subsequent proposals for enhancement of fee ensuring that the proposed levies are calculated on a no-profit no-loss basis and not to include fees collected from all students as earmarked levies.

2. The Directorate in its Order No. F.DE. 15/(439)/PSB/2022/2127-2131 dated 21.04.2022 issued for FY 2018-19, Order No. F.DE. 15/(435)/PSB/2022/2107-2111 dated 21.04.2022 issued for FY 2019-20 and Order No. DE.15 (40)/PSB/2023/1964-1972 dated 01.03.2023 for FY 2022-23 noted that the school has not submitted Fixed Asset Register (FAR) for verification. An ideal Fixed asset register should capture asset name, date, quantity, supplier name, invoice number, manufacturer's serial number, location, purchase cost, other costs incurred, depreciation, identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place.

The school was asked to submit the Fixed Assets register but it failed to submit the same. The school is directed to submit the FAR duly verified by an independent chartered accountant within 30 days of this order.

3. As per clause no. 3 of the public notice dated 04.05.1997 published in the Times of India "*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 known 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 in its Order No. F.DE. 15/(439)/PSB/2022/2127-2131 dated 21.04.2022 issued for FY 2018-19, Order No. F.DE. 15/(435)/PSB/2022/2107-2111 dated 21.04.2022 issued for FY 2019-20 and Order No. DE.15 (40)/PSB/2023/1964-1972 dated 01.03.2023 for FY 2022-23, directed the school to ensure that the interest on caution money is paid to the students along with the caution money at the time of leaving the school and to treat unclaimed caution money as the income by the school in its books of accounts.

On review of audited financial statements for FY 2019-20 to 2022-23, it is noted that the school has not considered the unclaimed caution money as its income and has not refunded the interest amount along with caution money to existing students which is not in compliance with clause 18 of the order dated 11.02.2009 and clause 3 and 4 of order dated 09.09.2010.

Therefore, the school is directed to ensure compliance with the aforementioned provisions. Further, the balance of caution money outstanding INR 9,03,500/- as on 31.03.2023 has been considered while 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 Academic session 2023-24 amounting to **INR 13,05,96,679** out of which cash outflow in the Academic session 2023-24 is estimated to be **INR 11,76,35,597**. This results in surplus of **INR 1,29,61,082**. The details are as follows:

Particulars	**Amount (in Rs)**
Cash and Bank balances as on 31.03.23 as per Audited Financial Statements	18,62,577
Investments as on 31.03.23 as per Audited Financial Statements	5,96,24,261
Liquid Funds as on 31.03.2023	**6,14,86,838**
Add: Recovery from society for addition to building in contravention of Rule 177 of DSER,1973 **(Refer Financial Suggestion for Improvement no. 1)**	2,30,34,717
Add: Recovery from the Golden Bella School **(Refer Financial Suggestion for Improvement no. 2)**	13,23,412
Add: Recovery from society for amount transferred during FY 2016-17 and 2017-18 **(Refer Financial Suggestion for Improvement no. 3)**	1,09,13,303
Add: Fees for FY 2022-23 as per Audited Financial Statements **(refer Note 1 below)**	6,18,17,165
Add: Other Income for FY 2022-23 as per Audited Financial Statements **(refer Note 1 below)**	35,61,958
Total Available Funds for FY 2023-24	**16,21,37,393**
Less: FDR in the joint name of Manager and CBSE **(refer Note 2 below)**	1,11,560
Less: FDR in the joint name of Manager and DOE **(refer Note 2 below)**	3,91,592
Less: Development fund as on 31.03.2023 **(Refer Financial Suggestion for Improvement no. 8)**	68,68,520
Less: Transportation fund as on 31.03.2023 **(Refer Financial Suggestion for Improvement no. 8)**	11,11,126
Less: Depreciation Reserve Fund **(Refer Note 3 below)**	-
Less: 3 months Salary Reserve	1,60,94,735
Less: Bank Balance EWS as on 31.03.2023	1,65,470
Less: Refund/adjustment of fee collected in name of operational charges (Refer Financial Suggestion for Improvement no. 7)	33,17,375
Less: Caution Money ((Refer Other Suggestion for Improvement no. 6)	9,03,500
Less: Gratuity and leave encashment LIC as per Audited Financial statements of FY 2022-23 **(Refer Financial Suggestion for Improvement No. 6)**	25,76,836
Net Available Funds for FY 2023-24 (A)	**13,05,96,679**
Less: Budgeted expenses for the session 2023-24 **(Refer Note 4 below)**	9,69,87,992
Less: Salary arrears to the staff **(Refer Note 6 below)**	2,06,47,605
Total Estimated Expenditure for FY 2023-24 (B)	**11,76,35,597**
Net Surplus/ Deficit (A-B)	**1,29,61,082**

Note 1: All the fee and other income as per audited financial statements for the FY 2022-23 has been considered with the assumption that the amount received in FY 2022-23 will at least accrue during FY 2023-24.

Note 2: The detail of fixed deposit held by the school as per the audited financial statements for the FY 2022-23 is provided below:

Particulars	Amount (in INR)	Remarks
Fixed Deposit in the joint name of Secretary, CBSE and Manager of the school	1,11,560	Deducted while calculating available funds of the school.
Fixed Deposit in the joint name of Dy. Director Education and Manager of the school	3,91,592	
Fixed Deposit in the joint name of Manager of the school and Dy. Director Education for Salary reserve	1,60,94,735	Deducted while calculating available funds of the school.
Total	**1,65,97,887**	

Note 3: 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 I 1.02.2009.

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

Further, Clause7 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:

- Not to charge development fee for more than 15% of tuition fee.
- Development fee will be used for purchase, upgradation and replacement of furniture, fixtures, and equipment.
- Development fee will be treated as capital receipts.
- 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 Modem School Vs Union of India & INR: 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 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."

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 of INR 2,27,79,665 as reported by the school in the financial statements for the FY 2022-23 has not been considered while deriving the fund position of the school.

Note 4: All budgeted expenditure proposed by the school amounting to **INR 24,60,50,483** 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 Arrear	90,055,972	90,055,972	Refer Note 6 below
4 months working reserve	31,075,692	30,250,947	Refer Note 5 below
Gratuity & Leave Encashment	3,746,515	3,746,515	Refer Financial Suggestion No. 6
Advertisement & Recruitment Expenses	1,112,200	179,686	Restricted to 110% of expenditure incurred in FY 2022-23
Books and Periodicals	2,539,400	401,692	
Examination Expenses	1,009,000	788,505	
Function Expenses	1,872,700	759,897	
Building Repair & Maintenance	19,305,019	2,661,173	
Teacher Training Expenses	650,000	650,000	
Workshop Expenses	590,000	590,000	
Science IT Exp	38,880	38,880	Neither Income nor expense has been considered on the assumption that earmarked levies are collected on no profit no loss basis
Smart Class Exp.	1,310,265	1,310,265	
Computer Education & Lab Expenses	80,055	80,055	
Activity & Sports Expenses	9,969,704	9,969,704	
Transport expenses	3,521,300	51,02,285	
EWS students Expenses	2,057,900	2,057,900	
School Bus	2,000,000	2,000,000	
Total	**170,934,602**	**145,541,191**	

Note 5: As per clause 10 of Form-II of Right of Children to Free and Compulsory Education Act 2009, the schools are required to maintain liquidity equivalent to 3 months' salary and this amount should be invested in the joint name of Dy. Director (Education) and manager of the school. Generally, it is done

in the form of FDR in any scheduled bank.

The school has proposed a salary of INR 4,61,85,700 in its budgeted expenditure for FY 2023-24 and sought permission to create 3 months' salary reserve from this year. In order to ensure the compliance of aforesaid provision, the school should have invested in the Fixed deposits in the joint names of Deputy Director of Education and the Manager of the school earlier. Claiming full amount for 3 months' salary reserve in a single year may cause adverse financial effect or extra burden on the parents/students. Thus, it would be rational to spread the financial impact of aforesaid compliance over a period of 14 years on the assumption that normally a student studies for 14 years in the school. Accordingly, the school is directed to create a fund of INR 8,24,745 (i.e., 1/14 of INR 4,61,85,700 x 3/12) for the same and deposit the matching amount in FDR in the joint names of Deputy Director of Education (Distt.) and the School Manager within 30 days from the date of issue of this order. The impact of the same has been considered while calculating the fund availability of the school.

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 Unaided Recognized Schools of Delhi has been issued vide DOE order dated 17.10.2017.

Vide school's reply submitted during the hearing, it was informed that the school has not implemented 7th CPC recommendations. Vide Order No. F.DE. 15/(439)/PSB/2022/2127-2131 dated 21.04.2022 issued for FY 2018-19, Order No. F.DE. 15/(435)/PSB/2022/2107-2111 dated 21.04.2022 issued for FY 2019-20 and Order No. F.DE.15(1563)/PSB/2023/8218-8222 dated 25.09.2023 for FY 2022-23 it was directed to the school to implement the 7th CPC for payment of staff salaries and also, the school was allowed salary arrears upto FY 2021-22. Thus, arrears for the year 2022-23 proposed by the school has been considered while evaluating the funds availability position of the school. Thus, the school is again directed to implement the recommendations of 7th CPC in full within 30 days from the date of issue of this order. 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 have adequate funds to carry on its operation for the academic session **2023-24** 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, it was recommended by the team of Chartered Accountants that certain financial suggestions (appropriate financial impact has been taken on the fund position of the school) and certain procedural suggestions which were also noted (appropriate instruction against which have been given in this order) and that the sufficient funds are available with the school to carry out its operations for the academic session **2023-24**. Accordingly, the fee increase proposal of the school for academic session 2023-24 may be rejected.

AND WHEREAS, while evaluating the fee hike proposal, department considers that how much liquid funds would require the school for a particular session considering the budgeted expenditures 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 DESA&R, 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, 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 utilized **INR 3,52,71,432** in contravention of the provisions of DSEA&R, 1973 and other orders issued by the departments from time to time. Therefore, the school is directed to recover the aforesaid amount from the society. 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 this order. Non-compliance with this direction shall be viewed seriously as per the provision of the DSEA, 1973 and the DSER, 1973 without providing any further opportunity of being heard.

AND WHEREAS, the act of the school of charging unwarranted free or any other amount/fee under head other than the prescribed head of fee and accumulation of surplus fund thereof tantamount to profiteering and commercialization of education as well as charging of capitation fee in other form and thus, school should ensure to charge fee only under the prescribed heads and utilized the fees collected for the defined purposes in accordance with the provisions of the DSEA, 1973 and the DSER, 1973.

AND WHEREAS, recommendation of the team of the Chartered Accountants along with relevant material were put before the Director of Education 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 who has found that the sufficient funds for meeting financial implication for the academic session **2023-24**. Therefore, the Director (Education) has rejected the proposal submitted by the school to increase the fee for the academic session **2023-24**.

Accordingly, it is hereby conveyed that the proposal for fee hike of **De Indian Public School, Pocket-11, Sector-24, Rohini, Delhi-110085, (School Id-1413294)** 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 rejected by the Director (Education) with the conclusion and suggestions.

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 this order to the D.D.E (PSB).

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. Not to increase any fee/charges during FY 2023-24. In case, the school has already charged increased feed during FY 2023-24, 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. 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 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.

Patil Pranjal Lahen Singh
Additional Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To
The Manager/HoS
De Indian Public School (School ID-1413294)
Pocket-11, Sector-24, Rohini, Delhi-110085
No. F.DE.01 (003)/PSB/2023-24/12-16 Dated: 14/03/2024

Copy to:
1. P.S. to Secretary (Education), Directorate of Education, GNCT of Delhi.

2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (North West B) to ensure the compliance of the above order by the School Management.
4. In-charge (I.T Cell) with the request to upload on the website of this Directorate.
5. Guard file.

Patil Pranjal Lahen Singh
Additional Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi