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

No. F.DE.15 (643)/PSB/2023/9860-9864 Dated: 04/12/23

Order

WHEREAS, **Vasant Valley School (School ID-1720124), Sector-C, Vasant Kunj, New Delhi-110070,** (hereinafter referred to as **"the School"**), run by the Education Today 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, 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 23rd October 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(974)/PSB/2022/7963-7967 dated 03.10.2022 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 Suggestions for Improvement:

1. Para 57 of Accounting Standard 15 (AS-15) 'Employee Benefits' issued by the Institute of Chartered Accountants of India states that *"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."* Further, Para 7.14 defines the Plan

Assets as:

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

And Para 60 of Guidance Note-21 'Accounting by Schools' (2005) issued by the Institute of Chartered Accountants of India states *"A defined benefit scheme is a scheme under which amounts to be paid as retirement benefits are determined usually by reference to employee's earnings and/or years of service".*

An appropriate charge to the income and expenditure account for a year should be made through a provision for accruing liability. The accruing liability should be calculated according to actuarial valuation. However, if the school employs only a few persons say less than 50, it may calculate the accrued liability by reference to any other rational method. The ensuing amount of provision for liability should then be invested in "Plan Assets" as per AS-15 issued by ICAI.

Further, on review of the audited financial statements of FY 2022-23 revealed that the school has total liability of INR 6,17,70,886 towards gratuity in accordance with the actuarial valuation report. The school did not get the actuarial valuation report for leave encashment. In 'Significant Accounting Policy' the school mentioned that *"as per policy being following by the school, leaves are not got accumulated and carry forward for utilization in future period, therefore all the leave get utilized by the staff in the year of its accrual itself. Moreover, none of accumulated leave get encashed by the school. Hence School is not having actuarial valuation of its leave encashment liability, if any."* In view of these facts, the school has not accounted for actuarial liability on account of leave encashment.

As per order No. F.DE.15(974)/PSB/2022/7963-7967 dated 03.10.2022 issued for academic session 2022-23, school was directed to remit INR 39,82,326 with LIC in plan asset for gratuity. The school has submitted that it has deposited the amount with LIC in compliance of aforesaid directions. Moreover, school has submitted that deposited an additional amount of INR 1,50,00,000 during the year 2023-24 and thus, the same has also been considered while evaluating their fee proposal. The school has submitted the copies of deposit made with LIC which comes to INR 2,31,10,080 (INR 39,82,326 plus INR 41,27,754 plus INR 1,50,00,000). Therefore, amount of INR 2,31,10,080 are to be treated as investment made in the plan assets as defined in AS-15 and thus, considered while deriving the fund position of the school.

2. Vide Directorate's Order No. F.DE.15(974)/PSB/2022/7963-7967 dated 03.10.2022 read with order no. F.DE.15(308)/PSB/2019/1590-1594 dated 5.12.2019 and Order No. F.DE.-15(614)/PSB/2019/ 3228-33 dated 14.12.2019, the school was directed to recover an amount of INR 3,38,56,156 from society on account of salary paid to Mr. Arun Kapur of the school's managing committee from FY 2014-15 to December 2019 as per detail below:

Financial Year	Amount (INR)
2014-15	43,00,000
2015-16	48,00,000
2016-17	60,00,000

2017-18	67,92,771
2018-19	68,36,220
2019-20 (paid till Dec'2019)	51,27,165
Total	**3,38,56,156**

As per the school representation and discussion held with the school it was mentioned that Mr. Arun Kapur was getting the remuneration for being a renowned educationalist with vast experience and his remuneration was based on his experience, knowledge and for working with the school at the designation of 'Director Academic and Administration'. The school further explained that upon the objection from the department it has stopped paying a salary to Mr. Anun Kapur from January 2020. The school further mentioned that the aforesaid amount was paid to him for his services to the school and therefore, nothing is recoverable from him. The explanation provided by the school is not tenable given the fact that the position of 'Director Academic and Administration' is not a prescribed post in the Recruitment Rules.

Further, vide Directorate's Order No. F.DE.15(974)/PSB/2022/7963-7967 dated 03.10.2022 the School had reported INR 22,81,254 as payable to 'Education Today Trust' as on 31.03.2022 and thus, the school was directed to recover the net amount of INR 3,15,74,902 (INR 3,38,56,156 minus INR 22,81,254). Therefore, the above amount is still pending for recovery from the society and thus, the same has been included while deriving the fund position of the school with the direction to the School to recover this amount from society/management within 30 days from the date of issue of the order.

3. Clause 14 of Order No. F.DE./15 (56)/ Act/2009/778 dated 11.02.2009 states *"Development fee, not exceeding15% of the total annual tuition fee may be charged for supplementing the resources for purchase, upgradation 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 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. "*

Further, Para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states *"Where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure, the relevant asset account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year."* And para 102 of the above cited Guidance Note-21 states *"In respect of funds, schools should disclose the following in the schedules/notes to accounts:*

a) In respect of each major fund, opening balance, additions during the period, deductions/utilization during the period and balance at the end;)
b) Assets, such as investments, and liabilities belonging to each fund separately
c) Restrictions, if any, on the utilization of each fund balanced)
d) Restrictions, if any, on the utilization of specific assets. "

The school has reported a closing balance of development fund balance of INR 1,08,10,273 as on 31.03.2023 while there is no FDR or bank balance available against that amount and thus, it is clear that the School has already utilized the entire development fund for the purchase of fixed assets. Therefore, there is no cash and balance available against development funds.

Similar observation was also noted in the Directorate's Order No. F.DE.15(974)/PSB/2022/7963-7967 dated 03.10.2022 and school mentioned that it had completely utilized the development fund and the depreciation reserve fund investment has been used for assets purchased in excess of development fees. It was also noted that the total value of assets purchased by the school was INR 20,72,07,987 and of the total, the assets value of INR 14,47,20,330 was purchased out of the development fund and the assets value of INR 6,24,87,657 was purchased out of the depreciation reserve funds till 31.03.2022. And, as per the depreciation schedule, the total value of fixed assets was INR 19,10,35,059, resulting in a difference of INR 1,61,72,928 which was required to be explained within 30 days from the date of issue of the order. School has not submitted any response on this matter.

Basis the aforesaid observations and the presentations made in the audited financial statements by the school, it is clear that development fund balance shown in the financial statements does not back by the equivalent amount of balance in the bank or fixed deposits and thus, no impact has been considered while deriving fund position of the school.

Further, as per clause 14 of the order dated 11.02.2009, depreciation reserve (i.e. to be created equivalent to the depreciation charged in the revenue accounts) is more of an accounting head for 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. Also, the school has enclosed a consolidated fixed assets schedule giving details of all assets carried over by the school in its audited financial statements of FY 2021- 22 and has not prepared separate fixed assets schedules for assets purchased against development fund and those purchased against general reserve. And the school is directed not to utilize depreciation reserve for the purchase of any asset, since it's only a notional reserve for proper accounting of fixed assets.

4. 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 29,00,94,144 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, it would have been appropriate had the school invested or start investing 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 and thus, it would be rational to spread the financial impact of aforesaid compliance over the period of 14 years on the assumption that normally a student studies 14 years in the school. Accordingly, the school is directed to create and deposit in fixed deposit of INR 18,87,345 (i.e., 1/14 of INR 29,00,94,144 X 3/12) in the joint names of Deputy Director of Education (Distt.) and the Manager, the school within 30 days from the date of issue of the order. The impact of the same has been considered while calculating the fund availability of the school.

B. Other Suggestions for Improvement

1. Para 58(i) of Guidance Note-21 'Accounting by schools' issued by the Institute of Chartered Accountants of India (ICAI) states "A school should charge depreciation according to written down value method at rates recommended in appendix 1 to the Guidance note".

In Directorate's Order No. F.DE.15(974)/PSB/2022/7963-7967 dated 03.10.2022 it was noted that the school was charging rate of depreciation as per the rate specified under the Income Tax Rule not as per rate prescribed in the Appendix- I of the Guidance note-21. Therefore, the School was directed to make necessary adjustments and ensure that depreciation is charged on fixed assets at the rate prescribing in Appendix 1 to Guidance Note-21.

On review of the audited financial statements for the FY 2022-23, it has been noted that the school has applied the rates of depreciation prescribed in the Appendix- I of the Guidance note-21. However, the school has not presented the impact of change in depreciation rates in the notes to accounts. Thus, the school is directed to ascertain the impact of change in depreciation rates and make proper disclosures in the notes to accounts while preparing the financial statements for subsequent financial year. The same will be verified at the time of evaluation of fee proposal of the next financial year.

2. As per the provisions of Rule 107 – 'Fixation of Pay' of the DSER, 1973, *"(1) The initial pay of an employee, on the first appointment shall be fixed ordinarily at the minimum of the scale of pay. Provided that a higher initial pay, in the specified scale of pay, may be given to a person by a appointing authority....*

(2) The pay of an employee on promotion to higher grade or post shall be determined by the same rules as are applicable to the employee of government school."

On review of the audited financial statements for FY 2022-23 it is noted that the school has paid salaries and allowances amounting to INR 60,61,867 (previous year INR 52,58,185) to the Principal-cum-Manager. It appears to be on higher side if compared to the salaries and allowances paid to the comparable staff of the government schools.

The school is directed to submit the details of salary components given to the aforesaid employee and also, justify the reason for such excess salaries and allowance paid to her.

Also, school need to furnish details of the staff, along with their salaries and allowances, who are getting salaries and allowances in excess of the salaries and allowances of the comparable staff of the government schools within 30 days from the date of issue of the order. The same will be verified at the time of evaluation of fee proposal of the next financial year.

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

i. The total funds available for the FY 2023-24 amounting to INR **35,56,12,909** out of which estimated expenditures (i.e., outflow) for the FY 2023-24 is to be INR **38,29,66,392.** This results in deficit of INR **2,73,53,483** for 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	59,21,834
Investment in FD as on 31.03.2023 as per Audited Financial Statements	3,32,19,562
Liquid Funds as on 31.03.2023	**3,91,41,396**
Add: Amount recoverable from Society/ member of the managing committee towards salary paid to him **(Refer Financial Suggestion for improvement No. 2)**	3,15,74,902
Add: Expected Fees for FY 2023-24 as per school's submission (except earmarked levies) **(Refer Note no. 1 and 3 below)**	31,08,94,464
Add: Other Income for FY 2022-23 as per Audited Financial Statements **(Refer Note no. 2 below)**	39,57,480
Total Available Funds for FY 2023-24	**38,55,68,242**
Less: FDR in the joint name of Manager, School and Dy. Director of Education as on 31.03.2023 **(as per audited financial statements for FY 2022-23)**	11,42,500
Less: Caution Money as on 31.03.2023 **(as per audited financial statements for FY 2022-23)**	5,22,500
Less: Amount of Gratuity **(Refer Financial Suggestion for improvement no. 1)**	2,31,10,080
Less: Development Fund **(Refer Financial Suggestion for improvement no. 3)**	-
Less: Depreciation Reserve Fund **(Refer Note no. 4 below)**	-
Less: Salary Reserve **(Refer Financial Suggestion for improvement no. 4)**	51,80,253
Net Available Funds for FY 2023-24 (A)	**35,56,12,909**
Less: Budgeted expenses for the session 2023-24 **(Refer Note no. 5 below)**	35,53,31,592
Less: 7th CPC Arrear **(Refer Note no. 6 below)**	2,76,34,800
Total Estimated Expenditure for FY 2023-24 (B)	**38,29,66,392**
Net Deficit (A-B)	**2,73,53,483**

Note 1: Vide order No. F.DE.15(974)/PSB/2022/7963-7967 dated 03.10.2022 issued for academic session 2022-23, school was allowed to increase the fee between the year i.e., from 01.10.2022. Therefore, consideration of fee for FY 2022-23 from audited financial statements in the above table as the fee for FY 2023-24 would be incorrect and result into lower fee for the school. Thus, school was asked to compute the impact of increase in fee during FY 2023-24. Basis school's submission, expected fee for FY 2023-24 have been considered except the earmarked levies.

Note 2: All the other income as per audited financial statements of 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 3: Clause 9 of Order No. F.DE./ I 5(56)/Act/2009/778 dated 11 Feb 2009 states *"The tuition* *fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities."*

Further clause 21 of the aforesaid order states *"No annual charges shall be levied unless they are determined by the Managing Committee to cover all revenue expenditure, not included in the tuition fee and 'overheads' and expenses on play-grounds, sports equipment, cultural and other co-curricular activities as distinct from the curricular activities of the school."*

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

Para no. 22 of Order No. F.DE./15(56)/ Act/2009/778 dated 11 Feb 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."*

Sub-rule 3 of Rule 177 of OSER, 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 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).

From the information provided by the school, it has been noted that school has been maintaining proper fund-based accounting with respect to earmarked levies. Therefore, earmarked income as well as expenses have been excluded while deriving the fund position of the school.

Note 4: 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 charges 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 already 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:

- 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 fees 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 Coult 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 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 as reported by the school in its audited financial statements for the FY 2022-23 has not been considered while deriving the fund position of the school.

Note 5: All budgeted expenditure proposed by the school amounting INR 44,69,34,177 has been considered while deriving the fund position of the school except the following:

Heads	Amount (INR)	Reasons
Depreciation	68,54,661	Depreciation being a non-cash expense does not result in cash outflow. Hence, it has not been considered.
Arrears of salaries as per 7th CPC	6,90,08,016	Considered separately (Refer note no. 6 below)
Capital Expenditure	1,57,39,908	The school has budgeted INR 3,95,53,043 for FY 2023-24. As per Hon'ble SC in the matter of Modern School vs Union of India & Ors. (2004) capital expenditure cannot form part of fee structure. Therefore, budgeted capital expenditure is considered up to the amount of development fund fee collectible for the year.

Note 6: In accordance with Section 10(1) of Delhi School Education Act 1973, scales of pay and allowance, medical facilities, pension gratuity, provident fund, and other prescribed benefits of the employees of a recognized private school shall not be less than those of the employees of the corresponding status in schools run by the appropriate authority.

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

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

As per school's reply, the amount payable as salary arrears to the staff as per 7th CPC comes to INR 13,34,97,088 and school has already initiated the payment of arrears to the staff. Also, vide order No. F.DE.15(974)/PSB/2022/7963-7967 dated 03.10.2022 issued for academic session 2022-23 the school was allowed salary arrears of 7th CPC amounting INR 10,58,62,298. Thus, the school has submitted the liability on account of non-payment of salaries on 7th CPC basis in the form of salary arrears has become substantial amount and fee increase should be permitted accordingly. As stated above, the school has been allowed 7th CPC arrears in each previous orders issued by the directorate and it would be irrational if the whole amount of arrears is allowed to the school again. Based on facts produced before and the considering the financial implication on parents and the teachers' salaries, the balance amount of salary arrears under 7th CPC amounting INR 2,76,34,800 have been dealt in the order.

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, the 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, 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 paid INR 3,15,74,902 to the members of the management committee in contravention of the provisions of DSEAR, 1973 and other orders issued by the departments from time to time. Therefore, the school is directed to recover the aforesaid amount from society/ management. The receipts along with copy of bank statements showing receipt of the above-mentioned amount should be submitted with DoE, in compliance of the same, within 30 days from the date of issue of the order. Non-compliance with this direction shall be viewed seriously as per the provision of 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 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 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 of **Vasant Valley School (School** ID- **1720124), Sector-C, Vasant Kunj, New Delhi** filed by the school in response to the order Nos. F.DE.-15(40)/PSB/2023/1964-1972 dated 01.03.2023and 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.

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.

(BIMLA KUMARI)
Dy. Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To
The Manager/ HoS
Vasant Valley School (School Id – 1720124)
Sector-C, Vasant Kunt, New Delhi-11002

No. F.DE.15(643)/PSB/2023/ 9860-9864 Dated: 04/12/23

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 (South 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.

04/12/23

(BIMLA KUMARI)
Dy. Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi