

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

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 962

Dated: 13/10/2017

ORDER

Whereas, the request of Bhai Parmanand Vidya Mandir, Surya Niketan, Anand Vihar, Delhi for increase in fee for the academic session 2016-17 was rejected by Director (Education) vide order No.F.DE.15/Act-1/WPC-4109/ PART/13/512-516 dated 27.02.2017 with the specific direction to rectify the deficiencies as illustrated in the said order and submit compliance report to Dy. Director of Education concerned within thirty days.

And whereas, the Director (Education) had referred to the representation of Bhai Parmanand Vidya Mandir against the fee hike rejection order of this Directorate and had decided to give an opportunity to the school to be heard in person.

And whereas, a committee was constituted to hear the case of the school in detail with a view to assist the Director of Education to dispose of the representation.

And whereas, in this connection, an opportunity of being heard was provided to the Manager/HoS of Bhai Parmanand Vidya Mandir, Surya Niketan, Anand Vihar, Delhi on 19.05.2017 at 03.00PM at Conference Hall, Ludlow Castle School Sports Complex, Civil Lines, Delhi-110054.

And whereas, the submissions of the schools were heard by the above said committee on 19.05.2017 at 03.00PM and during the hearing, the issues raised in the representation of the school were discussed at length. The submissions made by the school are taken on record and analyzed in accordance with the provisions of Delhi School Education Act and Rules, 1973 and directions issued there-under.

Financial discrepancies:-

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	The school has utilised the development fund for the construction of building, installation of elevator and purchase of vehicles. This is violation of Clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009. As per inspection report, Rs. 71,05,184 has been spent by the school out of Development fund for the above mentioned purpose. However, as	The capital work in progress of Rs. 61,87,230/- is against installation and fittings of air conditioners and transformers in FY 2015-16 and these are under the category of equipment. Hence, it is	As per clause 14 of the said order, school is not allowed utilise

	<p>per further scrutiny, Rs. 1,06,93,340 is spent on Building & Vehicles during FY 2015-16 out of the development fund and Rs. 61,87,230 is reflected as 'Capital Work in Progress' in Unaudited Balance Sheet of the school as at March 31, 2016.</p>	<p>utilised for permissible assets.</p> <p>In FY 2015-16, Rs. 65,65,317/- is incurred against renovation of toilets which was shown under building in fixed assets. The cost incurred actually includes railings, bath partitions and gate, replacement/ providing of sanitary fittings and other hardware which fall under the category of fixtures.</p> <p>Accordingly, the school has utilised its development for permissible assets and not violated clause 14 of the said order.</p>	<p>development fund construction building, installation of elevator and purchase of vehicles. No development fee to be charged by school in FY 2017-18, unless school utilise the same for the purposes mentioned in the said order.</p>															
2.	<p>As per Clause 2 of Public Notice dated 04.05.1997 the school is not allowed to spend the school funds on construction of Building. Further, Rule 177 of DSEA&R 1973 states that the school is not allowed to make additions to the building if it does not have enough surplus. During the period under review, the school has made additions to the School Building. Though the school does not have enough surplus, it has spent money for the construction of the Building resulting in violation of the above mentioned clause. Details of the additions made along with position of General Fund (Surplus) is as follow:-</p> <table border="1" data-bbox="305 1780 922 1899"> <thead> <tr> <th>Particulars</th> <th>2013-14</th> <th>2014-2015</th> <th>2015-16</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Building Gate</td> <td>4,88,160</td> <td></td> <td></td> <td>4,88,160</td> </tr> <tr> <td>New Construction Expenses</td> <td>74,21,522</td> <td>11,06,090</td> <td>61,87,230</td> <td>1,47,14,842</td> </tr> </tbody> </table>	Particulars	2013-14	2014-2015	2015-16	Total	Building Gate	4,88,160			4,88,160	New Construction Expenses	74,21,522	11,06,090	61,87,230	1,47,14,842	<p>The DSEA & R, 1973 do not restricts the school for any expansion of the school or any expenditure of a development nature and made building expansion which includes various equipment/hardware. Hence, the school had not violated rule 177 of the DSEA & R, 1973. A detailed working of fees received and utilised are enclosed.</p>	<p>Improper justification as the working enclosed does not clearly depict whether surplus is computed as per Rule 177 and then the same is applied in</p>
Particulars	2013-14	2014-2015	2015-16	Total														
Building Gate	4,88,160			4,88,160														
New Construction Expenses	74,21,522	11,06,090	61,87,230	1,47,14,842														

Building	25,66,751			25,66,751
Elevator		18,07,433	65,65,317	83,72,750
		13,78,723		13,78,723
Total	1,04,76,433	42,92,246	1,27,52,547	2,75,21,226
General Fund Balance	53,51,751	37,25,926	59,27,958	
Profit for the Year	5,67,054	(16,25,789)	22,01,995	

accordance with said rule.

As evident from the above, it can be understood that the school is spending this money for creation of wealth for the society which results in diversion of funds. The amount spent on the construction of Building should be ideally recovered from the society.

3.	As per the unaudited financial statements of the school has taken secured loan from the bank against fixed deposits and the amount outstanding as on March 31, 2016 was Rs. 1,28,83,791 whereas the school has fixed deposit of Rs. 4,49,18,716 on the same date. It does not seem to be a financially prudent decision to take loan and pay interest on the same while the fund are available for use. The school has paid Interest of Rs. 3,20,442 during FY 2015-16, Rs. 2,77,580 during FY 2014-15 and Rs. 5,76,572 in FY 2013-14.	Utilization of available funds in best possible ways is within the autonomy of School. If FDs were encashed to meet out these expenses, the school would not have earned any interest on these FDs. If secured loan is taken against FDs, in that case school had to pay net nominal interest i.e., 1%. Thus, the school had taken financially prudent decision for taking loan rather than liquidating the FDs.	Considered.
4.	As per the Unaudited Financial Statements the school has created provision for Gratuity and Leave Encashment amount to Rs. 1,21,92,374 and Rs. 34,77,990 respectively. But the amount of investments with LIC against the Gratuity provision amounts to Rs. 51,00,870 only. It seems that the school has not properly invested in the Gratuity Fund maintained with LIC or has overestimated the amount of Gratuity provision.	The school do not have sufficient funds to invest with LIC and ensures that it will invest with the LIC upon availability of funds.	Accepted by School.
5.	The school has earned surplus of Rs. 6,01,403 from the earmarked levy of Transport Charges during the period under review. This is contravention of Clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009.	The school ensures to make more realistic budget estimates and shall consider surplus in transport fee for the session of 2017-18.	Accepted by School.

Other discrepancies:

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	As per Clause 8 of Order No. 1978 dated 16.04.2010 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 curricular activities. No fee shall be charged in excess of the amount so determined. However the school is charging tuition fee in excess of the establishment cost and the excess amount is used to meet the other expenses of the school.	The inspection team has not considered the curriculum activities expenses. As per the working enclosed, it can be seen that the school has utilised 93.52% of the total receipt of tuition fees and Rs.8,65,73,154 /-. This utilisation does not include curriculum expenditure of revenue nature.	Improper justification.
2.	The school does not have any standard procedure of procurement of Goods and services.	The observation is in contradiction with the inspection report and as such in DSEA & R, 1973 there are no specific provisions.	Compliance shall be verified at the time of next fee increase proposal of the school, if any.
3.	The school has not reflected un-refunded caution money belonging to ex-students as income in the next financial year after the expiry of thirty days and has also not taken this into account while projecting fee structure for ensuing academic year. This is contravention of Clause 18 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009. As on March 31, 2016 Rs. 3,37,534 belonging to the ex-students was outstanding as payable.	It is submitted that the said amount is already taken as income in FY 2016-17. The same has already been shown to the inspection team.	Accepted and rectified by the school.

And whereas, after going through the representations dated 31.03.2017 and submissions made by the school during the hearing held on 19.05.2017 as well as financial statements/budget of the school available with this Directorate, it emerges that:-

The school is having a surplus of Rs. **15,96,453/-** as per the following details:-

Particulars	Amount(Rs)
Cash and Bank balances as on 31.03.16 as per audited Financial Statements	48,02,931

ment as on 31.03.16 as per audited Financial Statements	5,01,61,508
FDR made for 3 months Salary Reserve	64,00,000
Less: Loan against FDR as per audited Financial Statements	1,28,83,791
Total	3,56,80,648
Less: Development Fund#	0
Less: Depreciation Reserve Fund	71,53,383
Less: Provision for Gratuity*	1,21,92,374
Less: Provision for Leave Encashment*	34,77,990
Available Funds	1,28,56,901
Fees for 2015-16 as per financial statement(We have assumed that the amount received in 2015-16 will at least accrue in 2016-17)	13,23,74,700
Other income for 2015-16 as per financial statement	22,28,459
Estimated availability of funds for 2016-17	14,74,60,060
Less: Budget expenses for the session 2016-17 as allowed in inspection**	14,58,63,608
Net Surplus	15,96,453

#In the Financial Statements of the school for FY 2015-16, development fund is nil.

*The school is hereby directed to make equivalent investments against provision for Gratuity and Leave Encashment with LIC (or any other agency) within 90 days of the receipt of this order. And provisions for gratuity and leave encashment should be based on actuarial valuation.

**The school has submitted its total expenses for FY 2016-17. The increase in establishment expenses for the year is around 22%. It found to be unreasonable increase and accordingly, the same is not considered in above calculations and only 10% increase in establishment expenditures is considered. School has also proposed capital expenditure to the tune of Rs. 2,60,00,000 which includes Rs. 1,25,00,000 for fixed assets purchased (regular). Details of these fixed assets are not specified and hence, the same are not considered in above calculations.

And whereas, in view of the above examination, it is evident that the school is having meager liquid funds to meet the financial implications for the financial year 2016-17.

And whereas, the school proposal for fee increase for the session 2016-17 was earlier declined vide order dated 27.02.2017, on the ground that the school had sufficient funds. During the course of hearing, the school has represented that it do not have adequate funds and it shall not be able to manage its operational expenses for the year from the available funds.

And whereas, as per clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, user charges should be collected on no profit and no loss basis and should be used only for the purpose for which these are collected. Accordingly, the school is advised to maintain separate fund in respect of each earmarked levies charged

from students in accordance with the DSEA & R, 1973 and orders, circulars, etc., there under. If there are large surpluses under any earmarked levy collected from students, the same shall be considered or adjusted for determining the earmarked levy to be charged in the next academic session.

And whereas, as per clause No. 14 of 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, up-gradation 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 reserved fund, equivalent to the deprecation 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.' Accordingly, school is advised to maintain separate development fund and utilized the same strictly in accordance with the DSEA & R, 1973 and orders, circulars, etc., issued there under.

And whereas, it is evident that the school is not utilizing development fund account in accordance with clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009 and using it for non permissible items. The school has neither reserves, nor investments and yet continues to incur and budget capital expenditure. This has led to the irregular inclusion of capital expenditure as a part of fee structure. Hence, development fee already charged @15% has in reality been used for other purposes, and in effect already tantamount to a hike on tuition fee.

And whereas, these recommendations along with relevant materials were put before Director of Education for consideration and who after considering all the material on the record has found that the school does not have sufficient liquid funds to meet the financial implications for the financial year 2016-17 and the representation dated 31.03.2017 and subsequent submissions made in this regard find merit in respect of sanction for increase in fee and hereby accepted on the basis of above mentioned observations. Further, it has been decided by the Director (Education) to allow the school to increase the existing fees by 5 % for the financial year 2016-17.

Accordingly, it is hereby conveyed that the representations for fee hike of Bhai Parmanand Vidya Mandir, Surya Niketan, Anand Vihar, Delhi, has been accepted by the Director of Education and the school is hereby allowed to increase the existing fee by 5 % for the session 2016-17.

Further, the management of said school is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

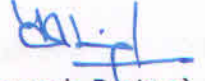
1. Compliance of all the instructions mentioned in the order dated 27.02.17 will be seen/examined during the scrutiny of fee hike proposal for session 2017-18, if any.
2. In the light of Judgment of Modern School vs Union of India, the salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings. Therefore it is to be ensured not to include capital

Expenditure as a component of fee structure to be submitted by the school under section 17(3) of DSEA&R, 1973.

2. The fee should be utilised as per letter and spirit of Rule 177 of the DSEA & R, 1973 and the judgement of the Hon'ble Supreme Court in the case of Modern School Vs Union of India (2004).

Non compliance of the order shall be viewed seriously.

This issues with the prior approval of the Competent Authority.

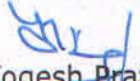


(Yogesh Pratap)
Deputy Director of Education-1
Private School Branch
Directorate of Education

To
The Manager/HoS
Bhai Parmanand Vidya Mandir,
Surya Niketan, Anand Vihar, Delhi
No. F. DE-15/ACT-I/WPC-4109/PART/13/ 962
Copy to:-

Dated: 13/10/2017

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. P.A. to Addl. Director of Education (Private School Branch), Directorate of Education, GNCT of Delhi.
4. DDE concerned
5. Guard file.



(Yogesh Pratap)
Deputy Director of Education-1
Private School Branch
Directorate of Education