

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/ 961

Dated: 13/10/2017

ORDER

Whereas, the request of Banasthali Public School, Vikaspuri, New 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/13/266-270 dated 26.12.2016 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 Banasthali Public School 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 Banasthali Public School on 16.05.2017 at 03.30PM 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 16.05.2017 at 03.30PM 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.	As per Order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980, the school should not transfer any amount from the school fund to the society or trust or any other institution. In the year 2008 -2009, a sum of Rs. 44,99,852 was transferred to AP Charitable & Educational (Society). The school management had submitted that the amount was paid to the society to facilitate the	The amount has already been refunded in FY 2015-16.	Accepted by School. The deposits receipts along with copy of bank statements showing receipt of above mentioned amount should be submitted with DoE, in compliance of the same, within one month from the date of issuance of this order to the DDE

	loan taken by it for construction of the school building. Further, the society returned the same to the school in the F.Y. 2015-16.		concerned.
2.	The school has not accounted for unpaid liability of Rs. 24,24,533/- towards establishment expenses on account of 6th pay commission.	The liability towards arrears of 6 th Pay commission has been accounted for in FY 2015-16.	Accepted by School. The compliance shall be verified at the time of next fee increase proposal of the school, if any.
3.	As per order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009 issued by DoE, the non-refunded Caution Money belonging to the ex-students should be reflected as income for the next financial year and this income should be taken into account while projecting fee structure for the ensuing Academic year. However, the school has not shown the amount as income and treated it as a liability.	The caution money will be treated as income in FY 2016-17 and debit all the refunds in the expenditures account.	The School should follow DOE instructions in this regard.
4.	Clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009 requires the schools to maintain depreciation reserve fund in order to collect development fund. The school is charging development fee, but is not maintaining depreciation reserve account. Further, development fee has been credited to income & expenditure account instead of Development Fund account.	Development fee has been collected from FY 2006-07 and expenses against the development fee fund have been shown as expenditure from the development fund. The depreciation reserve fund will be prepared from FY 2016-17.	Accepted by School. School is directed to treat development fee as 'capital receipt' and to maintain depreciation reserve fund in accordance with clause 14 of the order dated 11.02.2009. Compliance shall be verified at the time of next fee increase proposal of the school, if any.
5.	Payment of Gratuity Act, 1972, is applicable to the school; however, it has not recognized Gratuity liability for F.Y. 2013-14 and 2014-15. This resulted in overstatement of income over expenditure in the F.Y. 2013-14, 2014-15 which is in contravention of section 177(2) of The Delhi School Education Rules, 1973.	The school has created a trust with LIC and payment of Rs. 55,05,665 was made to LIC for gratuity.	As per LIC receipt copy, attached with response, payment was made on 22.02.2017. School should provide for retirement benefits in books of accounts.

discrepancies:

No.	Detail of discrepancy	Submissions of the school	Remarks
1.	Instances were found wherein the tendering process was not followed in awarding the contracts. School management stated that maintenance work has been carried out in the building in small phases and quotations for the same have been invited before allotment of the work.	All maintenance work has been done in small parts and as per the procedure three quotations were invited and the work is allotted on the basis of lowest quote.	School is directed to implement internal control system in relation to procurement of goods and services ensuring that contracts are entered at arms' length prices.
2.	During the course of inspection it was observed that in some cases EWS payment was made by school for those students, whose parents had not submitted their Income. Reminder for submission of income statement was sent by the school management to those parents but school has not received any responses till date of inspection.	All EWS parents have submitted the required documents.	Considered.

And whereas, after going through the representations dated 10.03.2017 and submissions made by the school during the hearing held on 16.05.2017 as well as financial statements/budget of the school available with this Directorate, it emerges that:-

The school is having deficit of Rs. **48,00,420/-** as per the following details:-

Particulars	Amount (Rs.)
Cash and Bank balances as on 31.03.16 as per Audited Financial Statements	61,44,595
Investment as on 31.03.16 as per Audited Financial Statements	2,21,188
Total	63,65,783
Less: Development Fund and Depreciation Reserve Fund#	0
Less: Provision for Retirement Benefits (to the extent funds available)*	55,05,665
Available Funds	8,60,118
Fees for 2015-16 as per Audited financial statement (We have assumed that the amount received in 2015-16 will at least accrue in 2016-17)	3,01,57,257
Other income for 2015-16 as per financial statement	2,64,391
Estimated availability of funds for 2016-17	3,12,81,766

Particulars	Amount (Rs.)
Less: Budget expenses for the session 2016-17 as submitted by school management#	3,60,82,186
Net Deficit	48,00,420

*The school is not maintaining any depreciation reserve fund in accordance with Clause 14 of Order No. F.DE./ 15(56)/ACT/2009/778 dated 11.02.2009. Further, the school does not have equivalent investments against the unutilized development fee fund. Hence, the same are not considered in the above calculations.

**The school has provided for retirement benefits amounting to Rs. 68,89,628 and has deposited Rs. 55,05,665 with LIC against Gratuity and accordingly, only this amount has been considered in above calculations. The provisions for retirement benefits 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. For buildings maintenance school has proposed Rs. 50,00,000 and which, considering the continuous huge expenditure on this head during the period under inspection, is on higher side. Accordingly, only 50% of the proposed expenses are considered in above calculations. It is also noted that the school has not followed prudent financial practices over the years and has not earmarked tangible investment/liquid assets to cover the retirement liabilities/ 03 months salary reserves as mandated by the Act, but still the school has proposed expenditure for renovation of building to the tune of Rs. 90,00,000. As per Rule 177 of DSEA & R, 1973 read with Modern School Judgment, capital expenditure cannot form part of school financial fee structure and hence, the same is not considered in above calculations. Also, school has proposed for new bus amounting to Rs. 25,00,000 which cannot be charged from all the students and can be met out of accumulated surplus amount of transport fee. Hence, the same is not considered in above calculations.

And whereas, in view of the above examination, it is evident that the school does not have sufficient 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 26.12.16, on the ground that the school had shared different set of financial statements with the inspection team and in the absence of reliable set of financial statements, assessment of availability of funds was not carried out earlier. During the course of hearing, the school has shared its audited financial statements for FY 2015-16 and has represented that it do not have adequate funds to

provide for retirement benefits to the employees 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., issued there under. If there are large surpluses under any earmarked levy collected from the 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 maintaining depreciation reserve fund in proper manner in accordance with clause 14 of Order No. F.DE./15 (56)/Act /2009 /778 dated 11/02/2009. The school has followed unsustainable financial practices and improper accounting procedures and using development fund for non permissible items. 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. School shall not be allowed to charge development fee in FY 2017-18 unless it follows the directions of this Directorate.

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 06.03.2017 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. It was further decided by the Director(Education) to allow the school to increase the existing fee by 10 % for the session 2016-17.

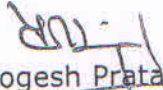
Accordingly, it is hereby conveyed that the representations for fee hike of Banasthali Public School, Vikaspuri, New Delhi, has been accepted by the Director of Education and the school is hereby allowed to increase only the existing fees by 10% for the session 2016-17.

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 as mentioned in the order dated 26.12.16 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.
3. 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

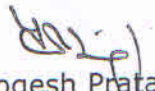
The Manager/HoS
Banasthali Public School,
Vikaspuri, New Delhi.

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 961

Dated: 13/10/2017

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. 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