

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/ 888

Dated: 4/9/2017

ORDER

Whereas, the request of M.H.D.C. Saraswati Bal Mandir Secondary School, B-1, Janakpuri, New Delhi-110058 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/13/261-265 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 M.H.D.C. Saraswati Bal Mandir Secondary School, B-1, Janakpuri, New Delhi-110058 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 had been provided to the Manager/HoS of M.H.D.C. Saraswati Bal Mandir Secondary School on 12.05.2017 at 02.30PM 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 12.05.2017 at 02.30 PM and during the hearing, the issues raised in the representation of the school were discussed at length. The submissions made by the school is 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 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- Computer/ Smart Class Charges, Science fees collected are	It is submitted that this year was the first year of installing the boards and these were to increase in the subsequent years.	The submission made by the school is incomplete and not in line with the irregularities mentioned in the order. Also, till the time the collected money is spent on installation of smart

	<p>earmarked levies. As per the CA firm, these are collected in excess of the expenditure. However, no separate fund for these charges are maintained. The school has incurred expenses for smart class amounting to Rs. 2 lacs while fee collected in respect of the same is around Rs 10 lacs.</p>		<p>class boards, no further fees on this account should be collected by the school.</p>
2.	<p>Annual fees collected were directly deposited in the bank account of Samarth Shiksha Samiti Society. This amount has been recorded as income in books of accounts of the school and amount deposited in Society's bank account has been shown as repayment of loan taken from the society. The school has not clarified the reason for the same. This is in contravention to clause 8 of order No. DE.15/Act/Duggal.com/203/99/2303-23980 dated 15/12/1999 and clause 23 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, which stipulates that no amount shall be transferred from the recognized unaided school fund of a school to the society or the trust or any other institution.</p>	<p>It is incorrect to that annual fee was directly deposited into Society's bank account. The copy of A/c of Society in the books of School is enclosed.</p>	<p>Copy of Society A/c is not found in the submission. School is directed to follow proper accounting practices and to book receipts related to school in school bank account only. Further, school is directed to follow DOE instructions in this regard.</p>
3.	<p>The funds collected by the school such as development fund and pupil fund for specific purpose are underutilized and surplus funds are being utilized by the school for its regular expenses.</p>	<p>The school is utilizing the available funds to meet the regular expenses. We will deposit the amount due as per funds in the respective accounts at the earliest.</p>	<p>As development fund was not utilized for the purposes mentioned in clause 14 of the order dated 11.02.2009, school is not allowed to charge any development fee from FY 2016-17. The School should follow DOE instructions in this regard.</p>
4.	<p>The Security deposit and Interest on Security deposit is not refunded to the students at the time of leaving the school. Also, the un refunded caution money is not treated as income of the school. This is non-compliance of clause 3 of Order No. DE 15/ Act/ Duggal.Com /203/99 /23033-23980. The CA firm has not quantified the effect of the same.</p>	<p>It is submitted that the security deposits are the liability of the school and shall be refunded as and when student approaches for the same.</p>	<p>The School should follow DOE instructions in this regard. Compliance shall be reviewed at the time of next fee increase proposal of the school, if any.</p>

	Further, school has charged Rs 1,000 as security deposit, instead of Rs 500 per student.		
5.	Cost of land is not shown in the books of accounts of the school. Further, the school building was transferred from books of the society to the school in FY 2014-15 and cost of the building was supplemented by increasing the liability of society in the books of accounts of the school. Depreciation on building is also charged from the F.Y 2015-16.	Building amounting Rs. 25,02,713 was transferred to school by crediting society's account during FY 2014-15. But the society has not recovered this amount from the school.	The responsibility of construction of building lies with the society only and cannot be transferred to school. Accordingly, transferring building in the books of school by crediting society account is unacceptable. The School should follow DOE instructions in this regard and follow correct accounting treatment. Further, school is not allowed to charge depreciation on the building.
6.	Provision for retirement benefits amounting to Rs 28 lakhs and Rs 35 lakhs have been charged in the F.Y. 2014-15 and F.Y. 2015-16 respectively. A major portion of the provisions relate to prior periods, which is resulting into heavy deficit in these years. The provisions for retirement benefits of teachers who have served other schools under the same society are created in the books of accounts of this school which is resulting into a heavy burden to the school.	To meet the total requirements of the provision it has been made in these two years. It is not related to teachers employed in other schools of the society.	Adhoc provision of retirement benefits all of a sudden, in a financial year without prudent building up of commensurate investments will unnecessarily burden students in a particular year. Hence, 50% of the provision is allowed in current year.
7.	The school has charged Rs 300/- as admission fee, instead of Rs. 200/- which is a non-compliance of clause 17 of order No. F.DE./15 (56) /Act /2009 / 778 dated 11/ 02/ 2009, clause 2 of order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999 and clause 4 of Public notice dated 04.05.1997.	Admission fee of Rs. 300 was wrongly charged and was rectified immediately.	Accepted by School. School is directed to follow DOE instructions in this regard.

Other discrepancies:

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	The financials statement for the year 2014-15 dated 4th September, 2015 was signed by current sitting principal Mrs. Usha Kiran who joined the school from 1st April, 2016.	The Financial Statements for the FY 2014-15 got misplaced. The fresh financial statements were remade and got signed from new principal.	School response is not tenable. School is directed to take necessary steps for the maintaining its financial records proper security.
2.	Details were not provided by the school pertaining to a receipt of Rs 27,00,000 on account of 'Samarpran Rashi'.	School is unable to meet its regular expenses so financial aid was taken from other schools within same society.	Considered.
3.	As per the land allotment letter, land is allotted to the society to run the nursery school but society is operating two different schools on the allotted land, one being Nursery school and other being Saraswati Bal Mandir from class 1 to 10. This is in violation of the terms and conditions of the land allotment letter. School has not provided the extension of approval letter for running the nursery school.	Copy of permission from CBSE is enclosed.	School is directed to submit relevant documents wherein permission was given to run two different schools on the allotted land, within 30 days of issuance of this order.
4.	The format of Receipts and Payments Account is not as per the format prescribed in Appendix-II of the Order no. F.DE-15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16-04-2016.	Prescribed format shall be followed in future.	Accepted by School. The School should follow DOE instructions in this regard. Compliance shall be verified at the time of next fee increase proposal of the school, if any.
5.	The school has started to charge increased fees from the students without any approval from the DoE during the first quarter of financial year 2016-17. This is noncompliance of Order No F.DE-15/ACT-I/WPC-4109/Part/13/10248-10255 dated 15/07/2016.	The school is not able to refund the fee as there is shortage of funds. Further, the school has already taken loan from the parent society.	School is not allowed to charge enhanced fee without the approval of Director (Education). The School should follow DOE instructions in this regard.

And whereas, after going through the representations dated 31.01.2017 and submissions made by the school during the hearing held on 12.05.2017 as well as financial statements/budget of the school available with this Directorate, it emerges that:-

The school is having a surplus of Rs. **5,01,105** /- as per the following details:-

Particulars	Amount(Rs)
Cash and Bank balances as on 31.03.16 as per School submission	20,69,819
Investment as on 31.03.16 as per School Submission	6,87,376
Total	27,57,195
Less: Provision for Retirement Benefits and Leave Encashment (50% allowed)*	0
Less: Development Fund and Depreciation Reserve Fund#	26,00,000
Available Funds	1,57,195
Fees for 2015-16 as per unaudited financial statement(We have assumed that the amount received in 2015-16 will at least accrue in 2016-17)	96,04,360
Other income for 2015-16 as per unaudited financial statement	5,28,971
Estimated availability of funds for 2016-17	1,02,90,526
Less: Provisional expenses for the session 2016-17 as submitted by school management during hearing (revenue)	97,89,421
Net Surplus	5,01,105

The school has not maintained equivalent investments against development fund and depreciation reserve fund. Hence, these are not considered for above calculations.

*The school is allowed 50% of the provisions created for retirement benefits and leave encashment as the school do not have equivalent investments against these provisions and the total burden of the same cannot be allowed to be borne by the students in one single year. The school is hereby directed to make earmarked equivalent investments against provision for Retirement Benefits and Leave Encashment (as mentioned in above table) with LIC (or any other agency) within 90 days of the receipt of this order, so as to protect the statutory liabilities. And provisions for Retirement Benefits and leave encashment should be based on actuarial valuation.

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 sufficient funds. During the hearing, the school 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, 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, 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 is any surplus 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, these recommendations alongwith 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 has meager liquid funds to meet the financial implications for the financial year 2016-17 and the representation dated 31.01.2017 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 5 % for the session 2016-17.

Accordingly, it is hereby conveyed that the representations for fee hike of M.H.D.C. Saraswati Bal Mandir Secondary School, B-1, Janakpuri, New Delhi-110058, has been accepted by the Director of Education and the school is hereby allowed to increase only the existing fees 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:

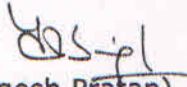
1. Compliance of all the instructions mentioned in the order dated 26.12.16 will be seen/examined during the scrutiny of fee hike proposal for session 2017-18, if any.
2. In the light of Judgment of Modern School Vs Union of India, the salaries and allowances shall come out from the fees whereas capital 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
Private School Branch
Directorate of Education

To


The Manager/HoS
M.H.D.C. Saraswati Bal Mandir Secondary School,
B-1, Janakpuri, New Delhi-110058.

No. F. DE-15/ACT-I/WPC-4109/PART/13/ 888

Dated: 4/9/2017

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