

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/13/869

Dated: 04/08/2017

ORDER

Whereas, the request of Vasant Valley School, Sector-C, Vasant Kunj, New Delhi-110070 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/13/431-435 dated 02.02.2017 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 Vasant Valley 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, in this connection, an opportunity of being heard was provided to the Manager/HoS of Vasant Valley School on 19.05.2017 at 03.30PM at Conference Hall, Ludlow Castle School Sports Complex, Civil Lines, Delhi-110054.

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, the submissions of the schools were heard by the above said committee on 19.05.2017 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 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. However, the school does not maintain separate fund for these earmarked levies and all incomes and payments in respect thereof are charged to Income and Expenditure Account. Further the school discloses these earmarked levies in Income and	The school is maintaining separate ledger account for each earmarked levy and expenses against it and the net surplus is transferred to the Income & expenditure account	The school should follow the DoE instructions in this regards.



	Expenditure as "net of expenses" under the head 'Surplus of Other Activities'. This is in violation of generally accepted accounting principles (GAAP), which require income and expenditures to be disclosed in Financial Statements separately. The amount disclosed is Rs. 3,99,299, Rs 3,86,455 and Rs .NIL (for the FY 2015-16, FY 2014-15 and FY 2013-14 respectively).	based on the materiality concept. The order recommending GN 21 was issued on April 16, 2016 and shall be implemented from FY 2016-17.	
2.	As per clause 18 of order No. F.DE./15 (56) /Act/2009 / 778 dated 11/02/2009, caution money collected from students shall be refunded to students at the time of his/ her leaving the school along with bank interest thereon irrespective of whether he/ she requests for a refund. However, it was reported that as at 31 <sup>st</sup> March, 2016 amount of Rs.28,11,498 is pending for refund to the students.	All reasonable steps have been taken by the school to refund the caution money to the students who have left the school. The school shall transfer the unclaimed caution money to the Income account.	Accepted by School.
3.	High expenditure were observed towards 'General Administration' amounting to Rs.2,93,73,701, Rs.3,18,48426 and Rs.3,65,04,563 in the FY 2013-14, 2014-15 and 2015-16 respectively. However, details of such expenditure was unavailable with the school.	The general administration expenses represents 'Payment to Contractual Staff and Consultancy'. Details of the same have been furnished to inspection team.	Details shall be verified at the time of scrutiny of next fee increase proposal, if any.

### Other discrepancies:

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	The school is required to grant 25% of admission to the students belonging to economically weaker section as stipulated in point no. 17 of the land allotment letter issued in 10/12/1986 by DDA. However, there are only 149 EWS students in the school out of total 1,288 students which comes to 11.57%. This is in violation of the condition mentioned in land allotment letter issued by DDA.	Post RTE Act 2009, the school has been taking 25% EWS admission at the entry level each year in compliance.	Even before RTE Act 2009, there was stipulation of free ship quota of 25% EWS. Information regarding dropouts should be given to DoE so that children could be referred.
2.	The school does not maintain any 'Recognized Unaided School Fund'. This is in violation of	Though the school has not named the	Considered.



section 18(3) of the DSEAR, 1973.	fund as 'Recognized Unaided School Fund' but has maintained the said fund as per the directions of the SC.	
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And whereas, after going through the representations dated 2.03.2017 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 fund of Rs. **2,69,39,349/-** as per the following details:-

Particulars	Amount (Rs)
Cash and Bank balances as on 31.03.16 as per audited Balance Sheet	2,82,58,215
Investment as on 31.03.16 as per audited Balance Sheet	3,91,63,436
Total	6,74,21,651
Less: Development Fund and Depreciation Reserve Fund#	0
Less: Provision for Gratuity*	4,14,32,070
Available Funds	2,59,89,581
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)	23,16,32,961
Other income for 2015-16 as per financial statement	91,44,168
Estimated availability of funds for 2016-17	26,67,66,710
Less: Budget expenses for the session 2016-17 as per School submission	23,98,27,361
<b>Net Surplus</b>	<b>2,69,39,349</b>

#The school has not maintained depreciation reserve fund and development fund in accordance with the clause 14 of the order No. F.DE./15 (56) /Act/2009/778 dated 11/02/2009 and these are not supported by equivalent investments. Hence, these are not considered in above calculations.

\*The school is hereby directed to make earmarked equivalent investments against provision for Gratuity 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 gratuity should be based on actuarial valuation.

And whereas, in view of the above examination, it is evident that the school is having sufficient surplus funds even after meeting all the budgeted expenditure 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 on 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, 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 is having sufficient surplus funds to meet the financial implications for the financial year 2016-17 and the representation dated 22.03.2017 and subsequent submissions made thereafter in this regard find no merit in respect of sanction for increase in fee and hereby rejected on the basis of above mentioned observations.

Accordingly, it is hereby conveyed that the representations for fee hike of Vasant Valley School, Sector-C, Vasant Kunj, New Delhi-110070, has been rejected by the Director of Education.

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

1. Not to increase fee for the session 2016-17. If, in case, increased fee has already been charged from the parents, the same shall be refunded/ adjusted.
2. Compliance of all the instructions as mentioned in the order dated 02.02.17 will be seen/examined during the scrutiny of fee hike proposal for session 2017-18, if any.
3. 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.
4. 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).

This issues with the prior approval of the Competent Authority.

Non compliance of the order shall be viewed seriously.

Yogesh Pratap

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

To

The Manager/HoS  
Vasant Valley School,  
Sector-C, Vasant Kunj,  
New Delhi-110070

No. F. DE-15/ACT-I/WPC-4109/PART/13/269

Dated: 08/08/2017

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

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