

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/13/922-926

Dated: 26/9/2017

ORDER

Whereas, the request of Tagore Public School, D-Block, Naraina 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/13/75 dated 23.12.2016 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 Tagore Public School, New Friends Colony 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 Tagore Public School on 17.05.2017 at 11.30AM 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 17.05.2017 at 11.30AM 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.	School had arranged a trip to amusement park and collected an amount of Rs. 400 each from 461 students (i.e 400*461 = Rs1,84,400/-). However, school has not accounted for amount received in its books of accounts.	The entire collection from the students is paid directly to the trip organizer (third party) and through the via media of	Improper response. Each amount collected from the students should be properly

		teachers without any interference by the school management. The school has no role in organizing the trips or the financial matters i.e., the school have not accounted the amount received on account of trip to amusement park.	accounted the books accounts. School should follow the DOE instructions in this regard.
2.	As per the Clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009, in order to collect development fees schools are required to maintain depreciation reserve fund equivalent to depreciation charged in Income and Expenditure account. During the review of financials it was observed that the depreciation reserve fund does not comprise of total amount of depreciation. Also, depreciation has not been charged in the income and expenditure account. However, the school is collecting development fees.	The school is short of funds in order to maintain the depreciation reserve fund equivalent to depreciation amount so as to compliant with the said directions.	Improper response. As per clause 14 of the said order, school is to maintain depreciation reserve fund. School is directed not to charge development fee in FY 2017-18 unless it comply with the directions of this Directorate.

Other discrepancies:

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	The school is neither depositing the amount of Provident Fund and ESI on due date as prescribed in the EPF Act 1952 and ESI Act 1948, nor paying any interest on late payment of the respective dues.	The school undertakes to comply the same in future.	Accepted by School. School is directed to follow each applicable law. Compliance shall be verified at the time of next fee increase proposal of the school, if

2.	As per the accounting policy of the school, it follows accrual basis of accounting. The school has not made any provision for Gratuity for the F.Y 2013-14 and 2014-15. Also, the school is booking its expenses (like electricity expense, water expense etc.) on cash basis and not on accrual basis.	The provision for gratuity and leave encashment has been provided from FY 2015-16. Regarding booking of expenses, the same are recorded upon receipt of bills.	any. The School should follow the DOE instructions in this regard.
3.	While checking fixed assets, it was observed that the school does not have any records of the scrap of furniture and fixtures and the detail on scrap disposal/ use.	The school undertakes to keep better records of the same in future.	School is directed to prepare its Fixed Assets Register in proper format so as to disclose name, type, quantity/ units, purchase amount, depreciation, location, etc., of the fixed assets so as to protect the fixed assets effectively. The compliance shall be reviewed at the time of next fee increase proposal, if any.

And whereas, after going through the representations dated 23.01.2017 and submissions made by the school during the hearing held on 17.05.2017 as well as financial statements/budget of the school available with this Directorate, it emerges that:-

The school is having deficit of Rs. **10,02,417/-** as per the following details:-

Particulars	Amount (Rs)
Cash and Bank balances as on 31.03.16 as per audited Financial Statements	29,25,357
Investment as on 31.03.16 as per audited Financial Statements	6,93,497
Total	36,18,854
Less: Development Fund	2,49,589
Less: Depreciation Reserve Fund	46,055
Less: Provision for Retirement Benefits* (25% allowed)	20,91,353
Available Funds	12,31,857
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)	3,42,61,131
Other income for 2015-16 as per financial statement	74,595
Estimated availability of funds for 2016-17	3,55,67,583
Less: Budget expenses for the session 2016-17 as submitted by school management#	3,65,70,000
Net Deficit	-10,02,417

*The school is allowed 25% of the provisions created for Retirement Benefits as the school do not have equivalent investments against that 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 Gratuity 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 gratuity and leave encashment based on actuarial valuation.

#The school has submitted its total budgeted expenses for FY 2016-17 which includes capital expenditure amounting to Rs. 5,00,000 for huts and sheds. The same has been disallowed 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 23.12.17, on the ground that the school had sufficient funds. During the hearing, the school has represented that the funds are not available to invest against the liability on account of retirement benefits and also, it shall not be able to manage its operational expenses for the year.

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 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.' 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 does not have sufficient liquid funds to meet the financial implications for the financial year 2016-17 and the representation dated 23.01.2017 and subsequent submissions made thereafter in this regard find merit in respect of sanction for increase in fee and hereby accepted on the basis of above mentioned observations. Further, Director (Education) has decided 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 Tagore Public School, D-Block, Naraina Vihar, Delhi, has been accepted by the Director of Education and the school is hereby allowed to increase the existing fee by 10% for the session 2016-17.

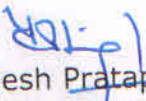
Further, the management of said school is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

1. Compliance of all the instructions as mentioned in the order dated 23.12.17 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.

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).

This issues with the prior approval of the Competent Authority.

Non compliance of the order shall be viewed seriously.


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

To

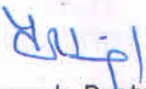
The Manager/HoS
Tagore Public School,
D-Block, Naraina Vihar, Delhi

No. F. DE-15/ACT-I/WPC-4109/PART/13/922-926

Dated: 26/9/2017

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. The Commissioner (Labour), Govt. of NCT of Delhi, 5, Shamnath Marg, Civil Lines, Delhi-110054 with the request to direct the concerned to examine the issue related to non compliance of provisions of EPF/ESI Act.
5. DDE concerned
6. Guard file.


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