

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/13/828

Dated: 15/09/2017

ORDER

Whereas, Nirmal Bhartiya School, Opp. Sector-14 Metro Station, Dwarka, New Delhi-78 submitted its fee hike proposal the academic session 2016-17. The school was directed by Director(Education), under the provisions of Section 24(3) of DSEA, 1973, vide order No.F.DE.15/Act-1/WPC-4109/PART/13/819 dated 10.07.2017 to submit the clarifications/comments on all the discrepancies mentioned in the said order, so that the final decision on fee hike proposal of the school can be taken.

And whereas, in response to the above said order, the school submitted its submissions on 17.07.2017, wherein point wise clarification/comments on the listed discrepancies were submitted.

And whereas, 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 issued directions as under:

**Financial discrepancies:-**

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	The development fund has been treated as revenue receipt and used for meeting over all expenditure of the school during FY 2013-14 and FY 2014-15. Depreciation Reserve Fund has not been maintained by the school in FY 2013-14 and FY 2014-15. These are contravention to Clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11/02/2009 which states that development fund should be treated	As per our understanding, the development fee was also credited to the same account and in the absence of funds and any surplus, all income from fee was utilized to pay staff salaries and meet other operating costs. However, despite the fact that this was done, it is worth noting and we would like to draw your attention to the fact that the actual amount that was spent on the purchase of furniture, fixtures and assets was, in fact, far greater than the amount collected towards development fee over this period. The school has already established a depreciation Reserve Fund and a development fund account in the year 2015-16 and these are being maintained as per norms since then.	Accepted by school. School is directed to maintain and utilise development fund and depreciation reserve fund in accordance with clause 14 of the order dated 11.02.2009. School is directed not to charge

<p>as Capital Receipt and restricts the use of development fund for supplementing the resources for purchase, up-gradation and replacement of furniture fixtures and equipment's. The school has received Development fee of Rs. 37,50,500 and Rs. 54,67,750 in FY 2013-14 and FY 2014-15. The school has created Development Fund for the FY 2015-16.</p>		<p>any development fee unless the school comply with the directions of this Directorate. Compliance shall be verified at the time of next fee increase proposal of the school.</p>
<p>2. 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. Transport charges collected by the school are collected in excess of the expenses incurred and no separate funds for this charge has been maintained during FY 2013-14, FY 2014-15 and FY 2015-16. The school has earned surplus of Rs. 14,55,387 during FY 2013-14, FY 2014-15 and FY 2015-16 from transport charges.</p>	<p>While every effort is made to ensure that earmarked levies are collected on no-profit and no loss basis and are used only for the purpose for which these are collected, however, slight variations do occur due to differences between the predicted and actual number of students who enrol for a programme/service. The marginal surplus in the transport fee, collected over the past three years, was also due to the same reason i.e. a greater number of students than estimated who availed of the facility over the past three years. However, it may be noted that the surplus has been used to upgrade transport facilities for our students this year.</p>	<p>The school should estimate its budget as accurately as possible. School is directed to create separate fund for each earmarked levy. School should follow DoE directions in this regard.</p>
<p>3. The school has not charged depreciation on assets as per Appendix - I of the Guidance Note 21 on Accounting by School issued by ICAI.</p>	<p>Since our school is the only one run under the aegis of Nirmal Society for Education Promotion, as per section 12A/AA of the Income Tax Act, Depreciation was calculated as per Income Tax rates. However, we will</p>	<p>Accepted by the school. Compliance of the same will be seen during</p>

		effect the advised changes with immediate effect and charge depreciation on assets as per Appendix I of the Guidance Note 21 on Accounting for schools by ICAI. It may be noted, however, that this will only further increase our deficit.	examination of next fee hike proposal, if any.
4.	The amount paid towards awards and ex-gratia to teaching staff is not included in salaries & allowances and are being accounting for under administrative expenses. The school has not considered these payments while calculating and deducting TDS on Salaries which is a non-compliance of the Income Tax Law provisions.	Non-inclusion of awards and ex-gratia payment, on completion of 05 years to a few staff, to calculate income tax was an unintentional omission, which has been made note of. This has, thereafter, been rectified and is being considered for calculation of Income tax.	School is directed to follow tax laws in proper manner so as to avoid any financial liability on that account. Compliance shall be verified at the time of net fee increase proposal of the school, if any.

**Other discrepancies:**

S. No.	Detail of discrepancy	Submissions of the school	Remarks
1.	The school has not refunded interest on Caution Money to the students along with Caution Money refund. This is contravention of Clause 18 of Order No. F.DE./15 (56) /Act /2009/ 778 dated 11/02/2009.	A note has been made to clause 18 of Order No. F.DE./15(56)/ /Act /2009/ 778 dated 11/02/2009 and the school will henceforth, refund caution money along with interest to students.	Accepted by the school. Compliance of the same will be seen during examination of next fee hike proposal, if any.

And whereas, after going through the submissions of the school dated 17.07.2017 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. **6,48,138** as per the following details:-

<b>Particulars</b>	<b>Amount (Rs.)</b>
Cash and Bank balances as on 31.03.16 as per School submission	44,31,061
Investments as on 31.03.16 as per School Submission	0
Total	44,31,061
Less: Provision for Gratuity*	19,75,726
Less: Provision for Leave Encashment*	18,32,175
Less: Depreciation Reserve Fund and Development Fund**	0
Available Funds	6,23,160
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)	7,81,12,814
Other Income for 2015-16 as per financial statement	21,89,697
Estimated availability of funds for 2016-17	8,09,25,671
Less: Budget expenses for the session 2016-17#	8,02,77,533
<b>Net Surplus</b>	<b>6,48,138</b>

\*The school is hereby directed to make earmarked equivalent investments against provision for Retirement Benefits with LIC (or any other agency) within 90 days of the receipt of this order, so as to protect the statutory liabilities. And the provisions should be based on actuarial valuation.

\*\*School is not maintaining and utilising Development fund and depreciation reserve fund in accordance with clause 14 of the order dated 11.02.2009. Hence, these are not considered in the above calculations.

#\*The school has submitted its total expenses for FY 2016-17. The increase in establishment expenses for the year is around 48%. 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. Further, school has budgeted Rs. 190,55,000 against 'Other employees (provisions)' for which details are not mentioned and further, providing such huge expenditure in one year shall be huge financial burden on the parents and hence, same is not considered. Also, school has budgeted Rs. 67,70,000 as depreciation for the year but since it was not maintaining depreciation reserve fund in proper manner in accordance with clause 14 of order dated 11.02.2009, the same is not considered.

And whereas, in view of the above examination, it is evident that the school is having meagre 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 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, it is evident that the school was not maintaining development fund and 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. The school do not have adequate investments against the reserves and provisions created by it. 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 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 funds to meet the financial implications for the financial year 2016-17 and the representation dated 17.07.2017 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, it has been 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 Nirmal Bhartiya School, Opp. Sector-14 Metro Station, Dwarka, New Delhi-78, the school is hereby allowed to increase the existing fee by 5% for the session 2016-17.

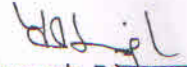
Further, the management of said school is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

1. Compliance of all the instructions as mentioned in the order dated 10.07.17 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).

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

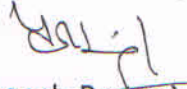
The Manager/HoS  
Nirmal Bhartiya School,  
Opp. Sector-14 Metro Station,  
Dwarka, New Delhi-78

No. F. DE-15/ACT-I/WPC-4109/PART/13/898

Dated: 15/09/2017

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