GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI
DIRECTORATE OF EDUCATION
(PRIVATE SCHOOL BRANCH)
OLD SECRETARIAT, DELHI-110054

No. F.DE.15(203)/PSB/2021/ 3476 - 3480 Dated: 10/09/21

ORDER

WHEREAS, every school is required to file a statement of fees every year before the ensuing academic session under section 17(3) of the Delhi School Education Act, 1973 (hereinafter read as '***the Act***') with the Director. Such statement will indicate estimated income of the school derived from fees, estimated current operational expenses towards salaries and allowances payable to employees in terms of Rule 177(1) of the Delhi School Education Rules, 1973 (hereinafter read as '***the Rules***'). Such estimate will also provision for donation, gratuity, reserve fund and other items under rule 177(2) and savings thereafter, if any, in terms of the proviso to the rule 177(1).

AND WHEREAS, as per section 18(5) of the Act read with section 17(3), 24 (1) of the Act and Rule 180 (3) of the DSEA & R, 1973 responsibility has been conferred upon to the Director (Education) to examine the audited financial, account and other records maintained by the school at least once in each financial year. The section 18(5) and Section 24(1) of the Act and Rule 180 (3) have been reproduced as under:

Section 18(5) :*'the managing committee of every recognised private school shall file every year with the Director such duly audited financial and other returns as may be prescribed, and every such return shall be audited by such authority as may be prescribed'*

Section 24(1) :*'every recognised school shall be inspected at least once in each financial year in such manner as may be prescribed'*

Rule 180 (3) :*'the account and other records maintained by an unaided private school shall be subject to examination by the auditors and inspecting officers authorised by the Director in this behalf and also by officers authorised by the Comptroller and Auditor-General of India.'*

AND WHEREAS, besides, the Hon'ble Supreme Court in the judgment dated 27 Apr 2004 passed in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others has conclusively decided that under section 17(3), 18(4) read along with rule 172, 173, 175 and 177 of the Rules, Director of Education has the authority to regulate the fee and other charges to prevent the profiteering and commercialization of education.

AND WHEREAS, it was also directed by the Hon'ble Supreme Court to the Director of Education in the aforesaid matter titled Modern School Vs. Union of India and others in Para 27 and 28 in case of Private unaided Schools situated on the land allotted by DDA at concessional rates that:

"27....

(c) It shall be the duty of the Director of Education to ascertain whether terms of allotment of land by the Government to the schools have been complied with…

28. We are directing the Director of Education to look into the letters of allotment issued by the Government and ascertain whether they (terms and conditions of land allotment) have been complied with by the schools…….

…..If in a given case, Director finds non-compliance of above terms, the Director shall take appropriate steps in this regard."

AND WHEREAS, the Hon'ble High Court of Delhi vide its judgement dated 19 Jan 2016 in writ petition No. 4109/2013 in the matter of Justice for All versus Govt. of NCT of Delhi and others has reiterated the aforesaid directions of the Hon'ble Supreme Court and has directed the Director of Education to ensure the compliance of term, if any, in the letter of allotment regarding the increase of the fee by all the recognized unaided schools which are allotted land by DDA.

AND WHEREAS, accordingly, this Directorate vide order No. F.DE.15 (40)/PSB/2019/2698-2707 dated 27 Mar 2019, directed that all the Private Unaided Recognized Schools running on the land allotted by DDA/other Govt. agencies on concessional rates or otherwise, with the condition to seek prior approval of Director of Education for increase in fee, are directed to submit the their proposals, if any, for prior sanction of DoE for increase in fee for the session 2018-2019 and 2019-2020.

AND WHEREAS in response to this directorate's circular dated 27 Mar 2019 referred to above, **Ramakrishna Senior Sec. School. (School ID-1618237), M-Block, Vikaspuri, New Delhi - 110018** submitted its proposal for enhancement of fee for the academic session 2019-2020 in the prescribed format.

AND WHEREAS, in order to ensure that the proposals submitted by the schools for fee increase are justified or not, this Directorate has deployed teams of Chartered Accountants at HQ level who has evaluated the fee increase proposals of the school very carefully in accordance with the provisions of the DSEA, 1973, the DSER, 1973 and other orders/ circulars issued from time to time by this Directorate for fee regulation.

AND WHEREAS, in the process of examination of fee hike proposal filed by **Ramakrishna Senior Sec. School. (School ID-1618237), M-Block, Vikaspuri, New Delhi – 110018** for the academic session 2019-2020, necessary records and explanations were called from the school through email. Further, school was also provided an opportunity of being heard on 24 Feb 2020 at 11:00 AM to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted.

AND WHEREAS, the school did not submit its compliance report towards order No. F.DE.15(182)/PSB/2018/30487-30491 dated 14 Dec 2018 issued by the Directorate of Education to the school post evaluation of the fee increase proposal for FY 2017-2018. During the personal hearing, the school informed that the compliance report was not submitted to the Directorate since the school had filed a writ petition in the Hon'ble High Court of Delhi (W.P.(C) 4581/2019) against the said order. The Hon'ble High Court in the said WPC instructed the Directorate not to take any coercive action against the petitioner. Thus, no such action has been initiated by the Directorate.

AND WHEREAS, the reply of the school, documents uploaded on the web portal for fee increase and all subsequent documents submitted by the school were thoroughly evaluated by the team of Chartered Accountants and after evaluation of fee proposal of the school key findings noted are as under:

A. Financial Discrepancies

1. Directorate's order No. F.DE.15(633)/PSB/2018/30487-30491 dated 14 Dec 2018 issued to the school post evaluation of fee hike proposal for FY 2017-2018 noted that the fixed assets purchased by the school out of the development fund was neither reflected on the face of the financial statements nor in the fixed assets register maintained by the school. The school has purchased assets amounting to INR 6,56,915, INR 10,85,980 and INR 6,96,188 during FY 2014-2015, FY 2015-2016 and FY 2016-2017 respectively totalling to INR 24,39,083. This has been considered as diversion of school funds to the society, thus, the school was asked to recover the same from society and pass necessary adjustment entries.

   The school represented that during FY 2017-2018 and FY 2018-2019 assets purchased from development fund were correctly shown in the fixed asset schedule. However, the school failed to provide any details in respect of the purchases made during FY 2014-2015 to FY 2016-2017.

   Accordingly, the amount diverted from the school funds of INR 24,39,083 is hereby added to the fund position of the school (enclosed in the later part of this order) considering the same as funds available with the school and with the direction to the school to recover this amount from the Society within 30 days from the date of this order.

2. Para 57 of Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India states "*An enterprise should determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.*" Further, according to para 7.14 of the Accounting Standard 15, "*Plan assets comprise:*
   - *assets held by a long-term employee benefit fund; and*
   - *qualifying insurance policies.*"

   Also, Directorate's order No. F.DE.15(633)/PSB/2018/30487-30491 dated 14 Dec 2018 issued to the school post evaluation of fee hike proposal for FY 2017-2018 directed the school that the provisions for gratuity and leave encashment are to be based on actuarial valuation and that it should make equivalent investments against the provision for gratuity and leave encashment with LIC (or any other agency) within 90 days of receipt of the order.

   On review of the financial statements for FY 2018-2019, it was noted that the school has made a total provision of INR 72,22,063 and INR 19,35,901 towards gratuity and leave encashment respectively as on 31 Mar 2019. Though the school has obtained actuarial valuation report dated 16 Feb 2019 for measuring its liability towards gratuity and leave encashment as on 31 Mar 2019, it has not deposited any amount in investments that qualify as plan assets (i.e. group gratuity and leave encashment policies of LIC or other insurer) to earmark funds towards gratuity and leave encashment of staff.

The school represented that the school has FDR's earmarked equivalent to the amount of the fund created to meet the liability towards the gratuity and leave encashment.

Since the school did not comply with the direction of the Directorate regarding deposit of equivalent amount in plan-assets in the form of group gratuity and leave encashment policies of LIC or other insurer to secure funds towards gratuity and leave encashment, no adjustment has been made towards the provisions for gratuity and leave encashment appearing in the financial statements of the school while deriving the fund position of the school (enclosed in the later part of this order) as fixed deposits created by the school are free investments available with the school at its disposal.

The school is again directed to deposit the amount of liability arrived by the actuary in investments such as group gratuity scheme and group leave encashment scheme of LIC or other insurer within 30 days from the date of this order to protect statutory liabilities towards retirement benefits of school staff.

Also, based on the above, the amount budgeted by the school towards provision for retirement benefits for the FY 2019-2020 has not been considered as part of budgeted expenses for FY 2019-2020 in the fund position of the school (enclosed in the later part of this order).

3. On examining the financial statements of the school for FY 2018-2019, it was noted that the school collected security deposit from teachers and reported the same as liability in its books of account. Collection of security deposit from teachers is not in accordance with the provisions of the Delhi School Education Act, 1973 and corresponding Rules.

   Based on the financial statements of the school for FY 2018-2019, the school reported INR 21,45,000 as amount collected from teachers.

   Accordingly, the school the directed to refund this amount of INR 21,45,000 to respective teachers from whom the same was collected by the school within 30 days from the date of this order. Further, the school is directed not to collect any security deposit from teachers and in case, the school has collected any further amount from teachers post FY 2018-2019, the same must also be refunded to the teachers within 30 days from the date of this order.

   Hence, the amount of INR 21,45,000, which is to be refunded by the school to the teachers has been adjusted while deriving the fund position of the school (enclosed in the later part of this order).

B. Other Discrepancies

1. Clause 19 of Order No. F.DE./15(56)/Act/2009/778 dated 11 Feb 2009 states "*The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities.*"

Further, clause 21 of the aforesaid order states "*No annual charges shall be levied unless they are determined by the Managing Committee to cover all revenue expenditure, not included in the tuition fee and 'overheads' and expenses on play-grounds, sports equipment, cultural and other co-curricular activities as distinct from the curricular activities of the school.*"

Rule 176 - 'Collections for specific purposes to be spent for that purpose' of the DSER, 1973 states "*Income derived from collections for specific purposes shall be spent only for such purpose.*"

Para no. 22 of Order No. F.DE./15(56)/ Act/2009/778 dated 11 Feb 2009 states "*Earmarked levies will be calculated and collected on 'no-profit no loss' basis and spent only for the purpose for which they are being charged.*"

Sub-rule 3 of Rule 177 of DSER, 1973 states "*Funds collected for specific purposes, like sports, co-curricular activities, subscriptions for excursions or subscriptions for magazines, and annual charges, by whatever name called, shall be spent solely for the exclusive benefit of the students of the concerned school and shall not be included in the savings referred to in sub-rule (2).*" Further, Sub-rule 4 of the said rule states "*The collections referred to in sub-rule (3) shall be administered in the same manner as the monies standing to the credit of the Pupils Fund as administered.*"

Also, the Hon'ble Supreme Court through its 2004 judgement in the case of Modern School Vs Union of India and Others directed all recognised unaided schools of Delhi to maintain the accounts on the principles of accounting applicable to non-business organizations/not-for-profit organizations. Earmarked levies collected from students are a form of restricted funds, since these can be utilised only for the purposes for which these have been collected, and according to Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, the financial statements should reflect income, expenses, assets and liabilities in respect of such funds separately.

Further, the aforementioned Guidance Note lays down the concept of fund based accounting for restricted funds, whereby upon incurrence of expenditure, the same is charged to the Income and Expenditure Account ('Restricted Funds' column) and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account ('Restricted Funds' column).

From the information provided by the school and taken on record, it was noted that the school charges earmarked levies in the form of Transport Fees, practical fees and activity fees from students. It was further noted that the school has maintained separate fund accounts for transport fund and activity fee separately, but the school has been generating surplus from earmarked levies, which has been maintained as a balance of the specific fund accounts created by the school towards earmarked levies. However, the school has not maintained separate fund account for practical fees and the school has been generating surplus from practical fees, which has been utilised for meeting other expenses of the school or has been incurring losses (deficit) that has been met from other fees/income, which was also mentioned in Directorate's order no. F.DE.15(633)/PSB/2018/30487-30491 dated 14 Dec 2018 issued to the school post evaluation of fee hike proposal for FY 2017-2018 and the school was also directed to stop collection of activity fees with immediate effect. Details of calculation of surplus/deficit, based on breakup of expenditure provided by the school for FY 2018-2019 is given below:

Earmarked Fee	Income (INR)	Expenses (INR)	Surplus/(Deficit) (INR)
	A	B	C=A-B
Transport fee^	26,27,275	25,26,898	1,00,377
Activity Fee	72,74,142	44,65,306	28,08,836
Practical Fee	13,53,195	3,74,340	9,78,855

^ The school has not apportioned depreciation on vehicles used for transportation of students in the expenses stated in table above for creating fund for replacement of vehicles, which should have been done to ensure that the cost of vehicles is apportioned to the students using the transport facility during the life of the vehicles.

As has been indicated from the table above, the school has been generating excessive surplus from earmarked levies collected from students in the form of activity fee and practical fee indicating profiteering and commercialisation of education.

Based on the aforementioned, earmarked levies are to be collected only from the user students availing the service/facility. In other words, if any service/facility has been extended to all the students of the school, a separate charge should not be levied for the service/facility as the same would get covered either under tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). The school is charging Activity fee from the students of all classes. Thus, the fee charged from all students loses its character of earmarked levy, being a non-user based fees.

Thus, based on the nature of the Activity fees and details provided by the school in relation to expenses incurred against the same, the school should not charge such fee as earmarked fee with immediate effect and should incur the expenses relating to these from tuition fee and annual charges, as applicable collected from the students. Further, the school has accumulated huge surplus in the Activity fund, as on 31 Mar 2019 the balance of activity fund is INR 1,36,83,002. The school should utilise the accumulated balance of activity fund towards meeting revenue expenses and thus, has not been adjusted while deriving fund position of the school (enclosed in the later part of the order).

The school is hereby directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus/deficit, if any, generated from earmarked levies has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies during subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis. The school is directed to stop collecting Activity fee with immediate effect, which is currently been collected mandatorily by the school from all students. The school must also ensure that earmarked levies are optional in nature and not mandatory.

For the purpose of evaluation of the fee hike proposal for FY 2019-2020, the above-mentioned fees have been included from the income for FY 2019-2020 while deriving the fund position of the school (enclosed in the later part of this order) as the school has already collected during FY 2019-2020 from students.

2. Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009 states *"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, fixtures 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 Depreciation Reserve 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."*

   As per Order No. F.DE-15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16 April 2016 *"The Director hereby specify that the format of return and documents to be submitted by schools under rule 180 read with Appendix-II of the Delhi School Education Rules, 1973 shall be as per format specified by the Institute of Chartered Accountants of India, established under Chartered Accountants Act, 1949 (38 of 1949) in Guidance Note on Accounting by Schools (2005) or as amended from time to time by this Institute."*

   Para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states *"Where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure, the relevant asset account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year."*

   From the audited financial statement provided by the school for the FY 2017-2018 and FY 2018-2019, it was noted that the school has deducted an amount equivalent to the purchase cost of fixed assets from development fund account, during the respective year, and has shown the same as utilisation of fund in the income side of income and expenditure account. Directorate's order No. F.DE.15(633)/PSB/2018/30487-30491 dated 14 Dec 2018 issued to the school post evaluation of fee hike proposal for FY 2017-2018 noted that the school is not complying with the requirements of para 99 of Guidance Note 21.

   Further, based on the presentation made in the financial statements of the school for FY 2017-2018 and FY 2018-2019, it was noted that the school has transferred an amount equal to development fund utilized during the year to the Income side of the Income and Expenditure account, which is incorrect. Also, the school did not create any deferred income/ development fund utilized account and did not transfer an amount equivalent to the depreciation on assets utilized as income in the Income and Expenditure Account, which is required as per the accounting treatment indicated in the guidance note cited above. Also, the school has not made adjustment in respect of previous years' utilization of development fund. Thus, the school has not done the accounting and reporting of development fund, depreciation and depreciation reserve in accordance with the requirements of Para 99 of Guidance Note 21.

The school is directed to follow DOE instruction regarding development fund and ensure that development fund is utilised only towards purchase of furniture, fixture and equipment. Also, the school is directed to rectify its accounting and presentation with respect to development fund. Also, the school should transfer amount equivalent to the depreciation from development fund utilised account to Income and Expenditure Account as income to comply with the accounting and disclosure requirements of the guidance note.

3. As per Order No. F.DE-15/ACT-I/WPC-4109/PART/13/7905-7913 dated 16 Apr 2016, "*The Director hereby specify that the format of the return and documents to be submitted by schools under rule 180 read with Appendix -II of Delhi School Education Rules, 1973 shall be as per format specified by the Institute of Chartered Accountants of India, established under Chartered Accountants Act, 1949 (38 of 1949) in Guidance Note on Accounting by Schools (2005) or as amended from time to time by this Institute.*"

   Basis the presentation made in the financial statements for FY 2016-2017 to FY 2018-2019 submitted by the school, it was noted that while the fixed assets schedule annexed to the financial statements did not include details of closing balance of fixed assets (historical cost), opening depreciation reserve and accumulated depreciation rather only opening written down value, addition, adjustment, depreciation during the year and closing written down value of assets.

   Accordingly, the school is directed to ensure that the fixed assets schedule should include complete details of fixed assets including opening gross block of assets, additions, deletions, closing gross block of fixed assets, opening depreciation reserve, depreciation during the year, adjustment (if any), closing balance of depreciation reserve and net (WDV) opening and closing block of fixed assets.

   Compliance of the same shall be validated during evaluation of subsequent fee increase proposal as may be submitted by the school. The above being a presentation/ disclosure finding, no financial impact is warranted for deriving the fund position of the school.

4. Direction no. 3 of the public notice dated 4 May 1997 published in the Times of India states "*No security/ deposit/ caution money be taken from the students at the time of admission and if at all it is considered necessary, it should be taken once and at the nominal rate of INR 500 per student in any case, and it should be returned to the students at the time of leaving the school along with the interest at the bank rate.*"

   Further, Clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11 Feb 2009 states "*No caution money/security deposit of more than five hundred rupees per student shall be charged. The caution money, thus collected shall be kept deposited in a scheduled bank in the name of the concerned school and shall be returned to the student at the time of his/her leaving the school along with the bank interest thereon irrespective of whether or not he/she requests for refund.*"

   Further, Clause 3 and 4 of Order no. DE/15/150/Act/2010/4854-69 dated 9 Sep 2010 stated "*In case of those ex-students who have not been refunded the Caution Money/Security Deposit, the schools shall inform them (students) at their last shown address in writing to collect the said amount within thirty days. After the expiry of thirty days, the un-refunded Caution Money belonging to the ex-students shall be reflected as* *income for the next financial-year & it shall not be shown as liability. Further, this income shall also be taken into account while projecting fee structure for ensuing Academic year."*

From the information provided by the school during personal hearing, it was mentioned by the school that no communication has been sent to ex-students for collection of their caution money and thus, the school has not made any adjustment towards unclaimed caution money.

Therefore, the school is directed to communicate with ex-students to collect their caution money together with interest thereon and any unclaimed amount after 30 days of such communication should be treated as income by the school in its books of account.

Thus, since the school would have to send communication to the ex-students to collect their caution money for identifying unclaimed caution money, entire balance of caution money reported in the financial statements of the school for FY 2018-2019 has been considered while deriving the fund position of the school (enclosed in the later part of this order).

5. Directorate's order No. F.DE.15(633)/PSB/2018/30487-30491 dated 14 Dec 2018 issued to the school post evaluation of fee hike proposal for FY 2017-2018 noted that the school had erroneously created admission fee fund of INR 9,25,800 before FY 2014-2015 and the school was directed to treat the same as income in the Income and Expenditure account. The school was directed to treat the admission fee fund as income in the income and expenditure account in the ensuing year.

   Further, from the financial statements for FY 2018-2019 provided by the school, it was noted that the school has maintained various funds such as scholarship fund, construction of labs/art rooms/gymnasium where the school has transferred funds from school fees and earmarked the same towards the specific use. The accounting done by the school is incorrect as the school fees cannot be earmarked funds for capital expenditure or payment of scholarship without compliance of rule 177.

   Therefore, the above-mentioned designated funds created by the school are treated as part of the school funds available with the school while deriving the fund position of the school (enclosed in the later part of this order).

6. As per the land allotment letter issued by the Delhi Development Authority to the Society in respect of the land allotted for the school, it shall ensure that percentage of freeship from the tuition fees, as laid down under rules by the Delhi Admn. from time to time, is strictly complied. The school shall ensure admission to the students belonging to weaker sections to the extent of 25% and grant freeship to them.

   From the breakup of students provided by the school, it had admitted students under Economically Weaker Section (EWS) Category as under:

Particulars	FY 2016-2017	FY 2017-2018	FY 2018-2019
Total No. of Students	1770	1779	1769
No. of EWS Students	227	239	226
% of EWS students to Total Students	12.82%	13.43%	12.78%

While the school in its response mentioned that it takes admission under EWS category on the basis of list of admissions provided by the Directorate, it has not complied with the requirements of land allotment and should thus take comprehensive measures (including enhancement of EWS seats) to abide by the conditions of the land allotment letter issued by the Delhi Development Authority.

7. Review of the proposal for enhancement of fee for FY 2019-2020 submitted by the school indicated that the school did not include/disclose transport fee collected by it from students in its proposal for fee hike submitted for FY 2019-2020.

   The school is directed to disclose all fee heads collected from students including earmarked levies such as transport fees. Also, the school should be cautious while submitting details to the Directorate and ensure that such omissions are not repeated.

After detailed examination of all the material on record and considering the clarification submitted by the school, it was finally evaluated/ concluded that:

i. The total funds available for the year 2019-2020 amounting to INR 13,28,67,457 out of which cash outflow in the year 2019-2020 is estimated to be INR 8,99,86,333. This results in net surplus of INR 4,28,81,125. The details are as follows:

Particulars	Amount (INR)
Cash and Bank Balance as on 31 Mar 2019 (as per audited financial statements of FY 2018-2019)	50,59,063
Investments (Fixed Deposits) as on 31 Mar 2019 (as per audited financial statements of FY 2018-2019)	12,47,63,091
Total Liquid Funds Available with the School as on 31 Mar 2019	**12,98,22,154**
Add: Fees/Incomes for FY 2019-2020 based on the income reported in FY 2018-2019 [Refer Note 1]	7,54,78,464
Add: Amount recoverable from Society towards non-disclosure of assets purchased from development during FY 2014-2015 to FY 2016-2017 [Refer Financial Discrepancy No. 1]	24,39,083
Gross Estimated Available Funds for FY 2019-2020	**20,77,39,701**
Less: Staff retirement benefits [Refer Financial Discrepancy No. 2]	-
Less: FDR held jointly with CBSE/DOE (as per financial statements of FY 2018-2019)	12,20,783
Less: Salary Reserve as on 31 Mar 2019 (Fixed deposits in joint name with Directorate) (as per financial statements of FY 2018-2019)	1,29,14,277
Less: Transport Fund as on 31 Mar 2019 (as per audited financial statements of FY 2018-2019)	8,30,410
Less: Development Fund (as per audited financial statements of FY 2018-2019)	5,52,34,250
Less: Teachers' Refundable Security as on 31 Mar 2019 (as per audited financial statements of FY 2018-2019) [Refer Financial Discrepancy No. 3]	21,45,000

Particulars	Amount (INR)
Less: Caution Money Fund (as per financial statements of FY 2018-2019)	25,27,524
Net Estimated Available Funds for FY 2019-2020	**13,28,67,457**
Less: Budgeted Expenses for FY 2019-2020 [Refer Note 2]	6,99,86,333
Less: Arrears of salary as per 7th CPC for the period Jan 2016 to Mar 2019 [Refer Note 2 and 3]	2,00,00,000
Estimated Surplus as on 31 Mar 2020	**4,28,81,125**

Notes:

1. Fees and incomes as per audited financial statements of FY 2018-2019 other than incorrect transfer of development fund to Income and Expenditure Account have been considered with the assumption that the amount of income during FY 2018-2019 will at least accrue during FY 2019-2020.

2. Per the Budget Estimate for FY 2019-2020 submitted by the school along with proposal for fee increase, the school had estimated the total expenditure during FY 2019-2020 of INR 11,77,80,760 (including arrears towards 7th CPC of INR 2,00,00,000, which has been considered separately in table above), which in some instances was found to be unreasonable/ excessive. Based on the explanations and details provided by the school during personal hearing, most of the expenses heads as budgeted were considered. Further, during review of budgeted expenses, certain discrepancies were noted in some of the expense heads, which were adjusted from the budgeted expenses. The same were discussed during personal hearing with the school. Therefore, the following expenses have been adjusted while considering the budgeted expenses for FY 2019-2020:

Expense Heads	Actuals FY 2018-2019	Budget FY 2019-2020	Amount Allowed	Amount Disallowed	Remarks
Salaries Teaching Staff	3,43,33,503	6,34,59,000	4,77,60,079	1,56,98,921	The increase in salary budgeted by the school seems unreasonably high. In absence of detailed computation, an amount equivalent to 130% of the salary expense for FY 2018-2019 has been allowed considering the probable financial impact of 7th CPC.
Gratuity	-	18,00,000	-	18,00,000	

Expense Heads	Actuals FY 2018-2019	Budget FY 2019-2020	Amount Allowed	Amount Disallowed	Remarks
Leave Encashment	-	8,00,000	-	8,00,000	Additional provision towards retirement benefits proposed by the school, which does not involve any outflow of funds, has not been considered (Also, refer Financial Discrepancy No. 2)
Security Guard	8,65,287	11,20,000	9,51,816	1,68,184	Reasonable explanation/ justification not provided by the school for such increase in expenses as compared with expenses incurred during FY 2018-2019. Thus, budgeted expenditure restricted to 110% of that incurred during FY 2018-2019.
Vehicle Repair	2,35,186	7,50,000	2,58,705	4,91,295	
Salary Activity Teachers	16,39,278	37,44,000	21,31,061	16,12,939	
Examination Expenses	22,120	9,00,000	24,332	8,75,668	
Ground Rent	86,086	8,50,000	86,086	7,63,914	
Printing & Stationery	7,17,145	9,00,000	7,88,860	1,11,141	
Staff Welfare	3,12,390	7,00,000	3,43,629	3,56,371	
Website Exp	3,97,060	8,00,000	4,36,766	3,63,234	
Depreciation	26,65,362	18,00,000	-	18,00,000	Depreciation, being a non-cash expense, does not result in outflow of funds. Thus, the same has not been considered.
Construction of Labs, Art Rooms & Gymnasium	-	29,52,760	-	29,52,760	Capital expenditure on construction of labs, Art room & gymnasium cannot be made from out of development fund. Further, the school has

Expense Heads	Actuals FY 2018-2019	Budget FY 2019-2020	Amount Allowed	Amount Disallowed	Remarks
					not started paying salaries as per 7th CPC and has not secured funds in group gratuity and group leave encashment policies of LIC of other insurer. Thus, the school has not ensured compliance with Rule 177. Accordingly, this expense has not been considered.
Total	4,12,73,417	8,05,75,760	5,27,81,333	2,77,94,427	

3. While the school did not submit detailed calculation for deriving the amount of arrears, the same has been considered in table above for payment towards 7th CPC arrears of salaries to staff.

In view of the above examination, it is evident that the school has sufficient funds for meeting all the budgeted expenditures for the financial year 2019-2020.

ii. The directions issued by the Directorate of Education vide circular no. 1978 dated 16 Apr 2010 states "*All schools must, first of all, explore and exhaust the possibility of utilising the existing funds/ reserves to meet any shortfall in payment of salary and allowances, as a consequence of increase in the salary and allowance of the employees. A part of the reserve fund which has not been utilised for years together may also be used to meet the shortfall before proposing a fee increase.*" The school has sufficient funds to carry on the operation of the school for the academic session 2019-2020 on the basis of existing fees structure and after considering existing funds/reserves.

WHEREAS, in the light of above evaluation which is based on the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, it was recommended by the team of Chartered Accountants that along with certain financial irregularities that were identified (appropriate financial impact of which has been taken on the fund position of the school) and certain procedural findings were also noted (appropriate instructions against which have been given in this order), the funds available with the school to carry out its operations for the academic session 2019-2020 and payment of salaries as per the recommendations of 7th CPC are sufficient. Accordingly, the fee increase proposal of the school may be rejected.

AND WHEREAS, recommendation of the team of Chartered Accountants along with relevant materials were put before Director of Education for consideration and who after considering all material on record has found that the school has sufficient funds for payment of salaries as per the recommendations of 7th CPC and meeting the expenses for the financial year 2019-2020. Since the school has accumulated surplus funds, increasing fee from students would result in profiteering and commercialisation of education. Therefore, Director (Education) rejects the proposal submitted by the school for enhancement of fee for the academic session 2019-2020.

Accordingly, it is hereby conveyed that the proposal for enhancement of fee for session 2019-2020 of **Ramakrishna Senior Sec. School. (School ID-1618237), M-Block, Vikaspuri, New Delhi** has been rejected by the Director of Education. Further, the management of said school is hereby directed under section 24(3) of DSEA, 1973 to comply with the following directions:

1. Not to increase any fee/charges during FY 2019-2020. In case, the school has already charged increased fee during FY 2019-2020, the school should make necessary adjustments from future fee/refund the amount of excess fee collected, if any, as per the convenience of the parents.
2. To communicate with the parents through its website, notice board and circular about rejection of fee increase proposal of the school by the Directorate of Education.
3. To ensure that salaries and benefits are paid to the staff in accordance with section 10(1) of DSEA, 1973 and Directorate's order dated 25 Aug 2017.
4. To ensure that the salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings in accordance with the principles laid down by Hon'ble Supreme Court of India in its Judgment of Modern School vs Union of India and Others. Therefore, school must not include capital expenditure as a component of fee structure (to be submitted by the school under section 17(3) of DSEA, 1973).
5. To utilise the fee collected from students in accordance with the provisions of Rule 177 of the DSER, 1973 and orders and directions issued by this Directorate from time to time.
6. To rectify the financial and other irregularities/violations as listed above and submit the compliance report within 30 days from the date of this order to D.D.E.(PSB).
7. The Compliance Report detailing rectification of the above listed deficiencies/ violations must also be attached with the proposal for enhancement of fee of subsequent academic session, as may be submitted by the school. Compliance of all the directions mentioned above will be examined before evaluation of proposal for enhancement of fee for subsequent academic session.

Non-compliance of this order or any direction herein shall be viewed seriously and will be dealt with in accordance with the provisions of section 24(4) of Delhi School Education Act, 1973 and Delhi School Education Rules, 1973.

This order is issued with the prior approval of the Competent Authority.

(Yogesh Pal Singh)
Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To:

The Manager/ HoS
Ramakrishna Senior Sec. School (School ID-1618237),
M-Block, Vikaspuri, New Delhi-110018

No. F.DE.15(203)/PSB/2021/ 3476 – 3480   Dated: 10/09/21

Copy to:

1. P.S. to Principal Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE concerned ensure the compliance of the above order by the school management.
4. Guard file.

(Yogesh Pal Singh)
Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi