

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

No. F.DE.15 (522)/PSB/2022 / 3038-3042

Dated: 17/05/22

**ORDER**

WHEREAS, **Delhi International Public School, Sector-9, Rohini, Delhi-110085 (School ID: 1413277)**, (hereinafter referred to as **"the School"**), run by the **Late Shri Behari Lal Educational Society** (hereinafter referred to as the **"Society"**), is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi (hereinafter referred to as **"DoE"**), under the provisions of Delhi School Education Act & Rules, 1973 (hereinafter referred to as **"DSEAR, 1973"**). The School is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

AND WHEREAS, every school is required to file a full statement of fees every year before the ensuing academic session under section 17(3) of the DSEAR, 1973 with the Directorate. Such statement is required to indicate estimated income of the school to be derived from fees, estimated current operational expenses towards salaries and allowances payable to employees etc. in terms of rule 177(1) of the DSEAR, 1973.

AND WHEREAS, as per section 18(5) of the DSEAR, 1973 read with sections 17(3), 24 (1) and rule 180 (3) of the above DSEAR, 1973, responsibility has been conferred upon to the DoE to examine the audited financial Statements, books of accounts and other records maintained by the school at least once in each financial year. Sections 18(5) and 24(1) and rule 180 (3) of DSEAR, 1973 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 above, the Hon'ble Supreme Court in the judgment dated 27.04.2004 held in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others has conclusively decided that under sections 17(3), 18(4) read along with rules 172, 173, 175 and 177, the DoE has the authority to regulate the fee and other charges, with the objective of preventing profiteering and commercialization of education.



AND WHEREAS, it was also directed by the Hon'ble Supreme Court, that the DoE in the aforesaid matter titled Modern School Vs. Union of India and Others in paras 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 19.01.2016 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 DoE to ensure compliance of terms, if any, in the letter of allotment regarding the increase of the fee by recognized unaided schools to whom land has been allotted by DDA/ land owning agencies.

AND WHEREAS, accordingly, the DoE vide order no. F.DE.15 (40)/PSB/2019/2698-2707 dated 27.03.2019, directing all the private unaided recognized schools, running on the land allotted by DDA/other land-owning agencies on concessional rates or otherwise, with the condition to seek prior approval of DoE for increase in fee, to submit their proposals, if any, for prior sanction, for increase in fee for the session 2018-19 and 2019-20.

AND WHEREAS, in pursuance to order dated 27.03.2019 of the DOE, the **Delhi International Public School, Sector-9, Rohini, Delhi-110085 (School ID: 1413277)**, submitted the proposal for fee increase for the academic session **2019-20**. Accordingly, this order dispenses the proposal for enhancement of fee submitted by the School for the academic session **2019-20**.

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 the aforesaid School for the academic session 2019-20, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 22.11.2019 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. During the aforesaid hearing, compliances against order no. F.DE.15 (14)/PSB/2019/1443-1447 dated 07.02.2019 issued for academic session 2017-18 were also discussed and school submissions were taken on record.



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

**A. Financial Observations**

1. As per direction no. 2 included in the Public Notice dated 04.05.1997, *"it is the responsibility of the society who has established the school to raise such funds from their own sources or donations from the other associations because the immovable property of the school becomes the sole property of the society"*. Additionally, Hon'ble High Court of Delhi in its judgement dated 30.10.1998 in the case of Delhi Abibhavak Mahasangh concluded that *"The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society."* Also, Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10.02.2005 issued by this Directorate states *"Capital expenditure cannot constitute a component of the financial fee structure."*

Moreover, Rule 177 of DSER, 1973 states that *"income derived by an unaided recognised school by way of fees shall be utilised in the first instance, for meeting the pay, allowances and other benefits admissible to the employees of the school. Provided that savings, if any, from the fees collected by such school may be utilised by its management committee for meeting capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely award of scholarships to students, establishment of any other recognised school, or assisting any other school or educational institution, not being a college, under the management of the same society or trust by which the first mentioned school is run. And the aforesaid savings shall be arrived at after providing for the following, namely:*

- a) *Pension, gratuity and other specified retirement and other benefits admissible to the employees of the school;*
- b) *The needed expansion of the school or any expenditure of a developmental nature;*
- c) *The expansion of the school building or for the expansion or construction of any building or establishment of hostel or expansion of hostel accommodation;*
- d) *Co-curricular activities of the students;*
- e) *Reasonable reserve fund, not being less than ten percent, of such savings.*

Accordingly, based on the aforementioned public notice and High Court judgement, the cost relating to land and construction of the school building has to be met by the society, being the property of the society and school funds i.e. fee collected from students is not to be utilised for the same.

As per the Directorate's Order no. F.DE.15 (14)/PSB/2019/1443-1447 dated 07.02.2019 issued to the school post evaluation of proposal for enhancement of fee for FY 2017-18, the school was directed to recover amount from the society because of utilisation made from development fund for making additions to building in FY 2015-16 amounting to INR 16,72,655 in respect of capital expenditure which was not in compliance with the above-mentioned provisions. However, the school has not complied with the directions and no amount has been recovered yet.

On review of audited financial statements for FY 2017-18 and FY 2018-19, it has been noted that school incurred INR 13,74,266 and INR 28,52,734 in FY 2017-18 and FY 2018-19 respectively for



construction of classrooms and auditorium which is not in accordance with the abovementioned provisions.

The school submitted that it could not implement the recommendation of the 7<sup>th</sup> CPC and deposit the whole amount of liability towards retirement benefit in the plan asset due to shortage of funds with the school. The school was well aware about the implementation of the recommendations as per 7<sup>th</sup> CPC and its statutory liability towards gratuity and leave encashment and the school instead of paying salary to its staff in accordance with the recommendation of 7<sup>th</sup> CPC preferred to incur expenditure of capital nature (which would otherwise will be responsibility of the society). Thus, we are not in a position to accept the aforesaid submission of the school.

Accordingly, total capital expenditure of INR 58,99,655 (including previous Order amount of INR 16,72,655) for additions made to building is hereby added to the fund position of the school considering the same as funds available with the school and the school is directed to recover such amount from the society within 30 days from the date of issue of this order.

2. As per Section 18(4) of DSEA, 1973, income derived by Unaided Recognised Private School by way of fees should be utilised only for educational purposes as prescribed.

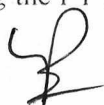
As per the Directorate of Education, Govt. of NCT, Delhi Order no. F.DE.15(14)/PSB/2019/1443-1447 dated 07.02.2019 issued to the school post evaluation of proposal for enhancement of fee for FY 2017-18, it was observed that the school had purchased Skoda car for INR 30,10,509 by taking loan of INR 20,00,000 from HDFC bank which was in contravention of section 18(4) of DSEA, 1973. The school was directed to recover the balance amount of INR 10,10,509 utilised towards purchase of luxury car and not to utilise school funds for repayment of loan. However, the school has not complied with the directions and no amount has been recovered yet.

Accordingly, the amount of INR 10,10,509 is hereby added to the fund position of the school considering the same as fund available with the school and the school is directed to comply with the order to recover the capital expenditure incurred on purchase of Car from the society within 30 days from the date of issue of this order.

3. Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/883-1982 dated 10.02.2005 issued by this directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

As per the Directorate of Education, Govt. of NCT, Delhi Order no. F.DE.15(14)/PSB/2019/1443-1447 dated 07.02.2019 issued to the school post evaluation of proposal for enhancement of fee for FY 2017-18, it was observed that the school had incurred capital expenditure on purchase of buses for which the school had taken loan from ICICI bank and Axis bank. During the FY 2014-15, FY 2015-16 and FY 2016-17, the school had paid INR 29,04,318 towards repayment of loan and INR 3,89,259 towards interest thereon which in contravention of rule 177 of DSEAR, 1973. The school was given direction to recover INR 32,93,577 from society. However, the school has not complied with the directions and no amount has been recovered yet.

On review of audited financial statements for FY 2016-17 to FY 2018-19 and documents submitted after personal hearing, it has been noted that the school funds have been utilised for repayment of loans taken for purchase of bus and car. Further during the FY 2017-18, the school has purchased





Toyota Innova car by taking loan of INR 17,87,950. The amount spent by the school out of school funds for repayment of such loan taken for purchase of buses and cars is in contravention of above-mentioned provisions and rule 177 of DSER, 1973. Details of loans and repayment made till 31.03.2019 are as follows:

Particulars	FY 2017-18	FY 2018-19	Total
Principal Repayment	13,64,202	11,52,753	25,16,955
Interest	2,59,189	2,06,987	4,66,176

Accordingly, the total amount of INR 62,76,708 (INR 25,16,955 for repayment of loan plus INR 4,66,176 for interest paid on loan plus INR 32,93,577 recovery as per previous order) is hereby added to the fund position of the school considering the same as fund available with the school and the school is directed to recover the amount paid as repayment of loan and interest thereon from the society within 30 days from the date of issue of this order. Further, the school is directed to ensure that capital assets are not procured from school funds unless savings are derived in accordance with Rule 177 of DSER, 1973, further the school funds should not be utilised for repayment of the above loans. Accordingly, amount budgeted for repayment of loan including interest for purchase of buses has been adjusted while deriving the fund position of the school for FY 2019-20.

4. Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India states *"Accounting for defined benefit plans is complex because actuarial assumptions are required to measure the obligation and the expense and there is a possibility of actuarial gains and losses."*

Further, the Accounting Standard defines Plan Assets (the form of investments to be made against liability towards retirement benefits) as:

- (a) Assets held by a long-term employee benefit fund; and
- (b) Qualifying insurance policies.

Further, Para 60 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states *"A defined benefit scheme is a scheme under which amounts to be paid as retirement benefits are determined usually by reference to employee's earnings and/or years of service"*.

An appropriate charge to the income and expenditure account for a year should be made through a provision for the accruing liability. The accruing liability should be calculated according to actuarial valuation. However, if a school employs only a few persons, say less than twenty, it may calculate the accrued liability by reference to any other rational method. The ensuing amount of provision for liability should then be invested in *"plan assets"* as per AS-15 issued by ICAI.

On review of documents submitted by the school post personal hearing, it has been noted that the school has not got the actuarial valuation report for its liability towards gratuity and leave encashment and has recorded liability on management estimate basis. As per the financial statements for FY 2018-19, the school has invested INR 1,00,33,316 with LIC against the liability towards retirement benefit.



Therefore, the actual amount invested by the school in plan assets of INR 1,00,33,316 has been considered while deriving the fund position of the school with the direction to the school to get its liability for retirement benefits valued by an actuary and invest equivalent investments in plan assets within 30 days from the date of issue of this order and submit the compliance report thereof.

5. As per Clause 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, upgradation and replacement of furniture fixtures and equipment's. 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 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 direction no. 2 included in the Public Notice dated 04.05.1997, "*it is the responsibility of the society who has established the school to raise such funds from their own sources or donations from the other associations because the immovable property of the school becomes the sole property of the society*". Additionally, Hon'ble High Court of Delhi in its judgement dated 30.10.1998 in the case of Delhi Abibhavak Mahasangh concluded that "*The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society.*" Also, Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10.02.2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

As per the Directorate's Order no. F.DE.15(14)/PSB/2019/1443-1447 dated 07.02.2019 issued to the school post evaluation of proposal for enhancement of fee for FY 2017-18, it was observed that the school has incurred capital expenditure of INR 68,00,083 from development fund under the head building in contravention of clause 14 of order dated 11.02.2009 and clause 2 of public notice dated 04.05.1977. The school has not recovered same from the society. Accordingly, capital expenditure of INR 68,00,083 for additions made to building is hereby added to the fund position of the school considering the same as funds available with the school and the school is directed to recover such amount from the society within 30 days from the date of issue of this order.

#### **B. Other Observations**

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

Clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11.02.2009 states that *Earmarked levies shall be charged from the user student only. Earmarked levies for the services rendered shall be charged in respect of facilities involving expenditure beyond the expenditure on the earmarked levies already being charged for the purpose. They will be calculated and collected on 'no profit no loss' basis and spent only for the purpose for which they are being charged. All transactions relating to the earmarked levies shall be an integral part of the school accounts.*

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, earmarked levies collected from students are in the form of restricted funds, which, according to Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, are required to be credited to a separate fund account when the amount is received and reflected separately in the Balance Sheet.

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 fee, Activity charges, smart class & Digital communication fees from students. However, the school has not maintained separate fund accounts for these earmarked levies and the school have been generating surplus from earmarked levies, which has been utilised for meeting other expenses of the school, or has been incurring losses (deficit), which has been met from other fees/income. Details of calculation of surplus/deficit, based on breakup of expenditure provided by the school for FY 2016-17, FY 2017-18 and FY 2018-19 are given below:

(Figures in INR)

Particulars	Smart Class	Transport Charges	Activities Charges
<b>For the year 2016-17</b>			
Fee Collected during the year (A)	35,44,770	99,39,100	8,49,350
Expenses during the year (B)	28,63,086	98,90,645	9,48,807
<b>I. Difference for the year (A-B)</b>	<b>6,81,684</b>	<b>48,455</b>	<b>(99,457)</b>
<b>For the year 2017-18</b>			
Fee Collected during the year (A)	37,43,140	1,01,09,540	8,29,150
Expenses during the year (B)	30,85,450	1,17,37,758	6,40,830
<b>II. Difference for the year (A-B)</b>	<b>6,57,690</b>	<b>(16,28,218)</b>	<b>1,88,320</b>
<b>For the year 2018-19</b>			
Fee Collected during the year (A)	36,48,260	92,23,800	8,10,000
Expenses during the year (B)	38,10,900	92,44,740	9,78,177
<b>III. Difference for the year (A-B)</b>	<b>(1,62,640)</b>	<b>(1,40,426)</b>	<b>(1,68,177)</b>
<b>Total (Surplus) (I+II+III)</b>	<b>11,76,734</b>	<b>(17,20,189)</b>	<b>(79,314)</b>

From the above table, the 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 at 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). From the record submitted by the school, it was noted the school has been collecting Activity charges and Smart class and Digital communication fee from all the students which loses the character of earmarked levies. Therefore, the school is directed to stop the collection in the name of such fee with immediate effect.

In view of the above, the school is directed to comply with the legal positions laid down for charging, collecting, and accounting of earmarked levies and maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from the students. Further, the school should evaluate every year the income generated, and cost incurred against each earmarked levy and any surplus/deficit generated has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Moreover, the school should 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 and not to include fee collected from all students as earmarked levies.

The act of the school of charging unwarranted fee or any other amount/fee under head other than the prescribed head of fee and accumulation of surplus fund thereof tantamount to profiteering and commercialization of education as well as charging of capitation fee in other form.

2. As per para 67 of the Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, *"The financial statements should disclose, inter alia, the historical cost of fixed assets."*

As per the Directorate of Education, Govt. of NCT Delhi, Order no. F.DE.15(14)/PSB/2019/1443-1447 dated 07.02.2019 issued to the school post evaluation of proposal for enhancement of fee for FY 2017-18, it was observed that the school had changed the practice of presenting the fixed assets schedule in FY 2016-17. The fixed assets had categorised into two parts in financial statements i.e., assets purchased out of development fund and assets purchased out of general fund. Assets purchase out of development fund is shown at gross value and assets purchased out of general fund is shown at WDV as on 31.03.2016. The school is continuing the same accounting treatment in the FY 2018-19 also. Therefore, the school is once again directed to prepare and present its financial statements as per generally accepted accounting principles.

Further, based on the presentation made in the audited financial statements of FY 2018-19, it has been noted that the school has been maintaining depreciation reserve fund for development fund assets but has not maintained depreciation reserve fund for non-development fund assets. Thus, amount of deprecation charged in the revenue accounts is not reconciling with the depreciation reserve created by the school.

Hence, the school is directed to maintain accumulated depreciation reserve fund equivalent to depreciation charged every year in the revenue account and make necessary rectification entries relating to development fund and depreciation reserve to comply with the accounting treatment indicated in the Guidance Note failing which school shall not be allowed to charge development fee in subsequent financial years.





3. On review of submission of documents post personal hearing, it has been noted that with respect to the procurements/purchases, the school does not have suitable operating process in relation to calling of quotations from vendor, approval process, gate inward control and payment, only oral communication is done with the prospective vendors and no documentation was done for the same. The school was not preparing any comparative statement for evaluating the quotations received from vendors and was not getting the same approved from the purchase committee. Also, the school does not have a process of maintaining gate inward and outward register and stamping the invoice at entry gate.

Procurement/Purchases are a very important activity for any entity and as such there should be a proper process to be followed and documented. Accordingly, the school is directed to follow proper procurement process and maintain proper documentation in relation to procurements and purchases done by the school. Compliance of the above shall be verified at the time of evaluation of proposal for fee enhancement for subsequent year.

4. Direction no. 3 of the public notice dated 04.05.1997 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 11.02.2009 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."*

Clause 3 and 4 of Order No. DE/15/150/Act/2010/4854-69 dated 09.09.2010 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"*.

On review of financial statements for FY 2018-19, it has been noted that school has adjusted caution money balance outstanding as on 31.03.2018 of INR 5,14,500 treating unclaimed student security as income in the financial statements leaving nil balance as student security payable as on 31.03.2019. However, school has not provided complete details of caution money balance and exiting students.

Therefore, the school is directed to provide calculation of amount treated as unclaimed caution money along with details of interest payable on such unclaimed caution money as the same shall be verified at the time of evaluation of proposal for enhancement of fee for subsequent financial year.

5. Para 58(i) of the Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India states *"A school should charge depreciation according to the written down value method at rates recommended in Appendix I to the Guidance Note."*



As per notes to Appendix I- 'Rates of depreciation' of Guidance note, *"The rates contained in this Appendix should be viewed as the minimum rates and, therefore, a school should not charge depreciation at rates lower than those specified in this Appendix in relation to assets purchased after the date of the applicability of the Guidance Note. However, if on the basis of a bona fide technological evaluation, higher rates of depreciation are justified, the same may be provided with proper disclosures by way of a note forming part of accounts"*

On review of audited financial statements for FY 2018-19, it has been noted that school instead of following rates of depreciation as per appendix to the above mentioned Guidance Note has followed depreciation rates as per Income Tax Act, 1961.

Since no explanation related to evaluation of the assets is presented in notes to accounts, therefore school is directed to charge rates of depreciation as per Appendix I of Guidance note instead of rates as per Income Tax Act, 1961 as the same shall be verified at the time of evaluation of fee hike proposal of subsequent financial year. This being a procedural observation, no financial impact is warranted in the fund position of the school.

6. As per Order No. F.DE.15 (14)/PSB/2019/1443-1447 dated 07.02.2019 issued to the school post evaluation of proposal for enhancement of fee for FY 2017-18, it was noted that school was not complying with the DOE Order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 and condition mentioned at S. No. 18 in the land allotment letter which provides for 25% reservation to children belonging to EWS category.

As per school, the details of EWS students and total students from FY 2014-15 to FY 2016-17 are as follows:

Particulars	FY 2014-15	FY 2015-16	FY 2016-17
Total strength	1484	1534	1618
EWS students	198	219	245
% EWS to Total strength	13%	14%	15%

On review of documents submitted by the school post personal hearing, it has been noted that school has not submitted details of total and EWS students for FY 2017-18 and FY 2018-19 due to which it cannot be established if school has complied with the directions given by the Directorate as per above mentioned order in these financial years. However, school has submitted total students and EWS student's summary as on date of personal hearing where total student submitted were 1610 and EWS students were 317 for FY 2019-20, which results in EWS to total strength ratio of 20%.

Therefore, the school is once again directed to comply with the directions of the Directorate related to land allotment condition of minimum 25% reservation to EWS category students as the same shall be verified at the time of evaluation of proposal for fee enhancement for subsequent financial year.

**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 academic session 2019-20 amounting to INR **13,19,46,319** out of which cash outflow is estimated to be INR **12,1748,762**. This results in Estimated Surplus of INR **1,01,97,557**. The details are as follows:

<b>Particulars</b>	<b>Amount (in INR)</b>
Cash and Bank balances as on 31.03.19 as per Audited Financial Statement	84,15,683
Investments in fixed deposits as on 31.03.19 as per Audited Financial Statements	7,21,098
Fixed deposit (depreciation reserve fund) as on 31.03.19 as per Audited Financial Statements	6,21,135
Investments with LIC for retirement benefits as on 31.03.19 as per Audited Financial Statements	1,00,33,316
<b>Liquid funds as on 31.03.19</b>	<b>1,97,91,231</b>
Add: Recovery from the society for additions to building ( <b>Refer Financial Observations No. 1</b> )	58,99,655
Add: Recovery of purchase cost of Skoda car taken on loan funds ( <b>Refer Financial Observations No. 2</b> )	10,10,509
Add: Recovery from the society towards principal repayment and interest of loan taken for purchase of buses and cars ( <b>Refer Financial Observations No. 3</b> )	62,76,708
Add: Recoverable from society for upgradation of building in FY 2016-17 ( <b>Refer Financial Observations No. 5</b> )	68,00,083
Add: Fees for FY 2018-19 as per Audited Financial Statements (On the assumption that the amount received in FY 2018-19 will at least accrue in FY 2019-20) ( <b>Refer Note 1 below</b> )	10,15,62,772
Add: Other income for FY 2018-19 as per Audited Financial Statements (On the assumption that the amount received in FY 2018-19 will at least accrue in FY 2019-20) ( <b>Refer Note 1 below</b> )	18,62,851
<b>Total available funds for FY 2019-20</b>	<b>14,32,03,809</b>
Less: FDR in the joint name of school manager and DOE	7,21,098
Less: Development Fund Balance as on 31.03.2019	5,03,076
Less: Investment made with LIC against provision made for retirement benefits ( <b>Refer Financial Observations No. 4</b> )	1,00,33,316
<b>Estimated Available Funds for FY 2019-20</b>	<b>13,19,46,319</b>
Less: Budgeted expenses for the session 2019-20 ( <b>Refer Note 2 below</b> )	<b>10,87,48,762</b>
Less: Arrears payable on implementation of 7th CPC ( <b>Refer Note 3 below</b> )	1,30,00,000
<b>Estimated Surplus/ (Deficit)</b>	<b>1,01,97,557</b>

**Note 1:** Income as per audited financial statements for FY 2018-19 has been considered assuming that the income accruing in FY 2018-19 will at least accrue to school in FY 2019-20 except amount written off INR 5,58,440 being income of non-recurring nature.



**Note 2:** As per the budget submitted by school for the FY 2019-20, the following expenditure are not considered in the evaluation of fee increase proposal:

Particulars	Amount in INR	Remarks
Interest paid on vehicle loan	1,00,000	<b>Refer Financial Observations no-3</b>
Building	4,00,000	Proposed in contravention of clause 2 of public notice dated 04.05.1997
Depreciation	66,50,000	Depreciation being non-cash expense, it has not been considered.

Further under the following heads the School has proposed expenditure in excess of 10% as compared to the actual expenditure incurred in FY 2018-19 or proposed new head of expenditure for which the school has not offered satisfactory explanation/ justification. Therefore, the aforesaid expenditure in excess of 10% over the previous year and/or new head of expenditure have not been considered in the evaluation of fee increase proposal.

Particulars	FY 2018-19	FY 2019-20	Net Increase/ (Decrease)	% Change	Amount disallowed in excess of 10%
EWS Expenses	4,52,811	8,00,000	3,47,189	77%	3,01,908
Examination Expenses	1,13,705	3,00,000	1,86,295	164%	1,74,925
Fire Fighting Expenses	29,314	2,50,000	2,20,686	753%	2,17,755
Refreshment Expenses	28,032	2,00,000	1,71,968	613%	1,69,165
Curricular Expenses	-	6,00,000	6,00,000	100%	6,00,000
Vehicle running & maintenance expenses	28,34,654	50,00,000	21,65,346	76%	18,81,881
Advertisement Expenses	4,70,050	10,00,000	5,29,950	113%	4,82,945
Electricity & Water Expenses	20,60,202	30,00,000	9,39,798	46%	7,33,778
Professional & Legal Charges	9,96,900	12,00,000	2,03,100	20%	1,03,410
<b>Total</b>	<b>69,85,668</b>	<b>1,33,50,000</b>	<b>63,64,332</b>		<b>56,65,765</b>

**Note 3:** The Directorate vide Order No. DE.15 (318)/PDB/2016/18117, dated 25.08.2017, the Managing Committee of all the private unaided recognized schools were directed to implement the Central Civil Revised Pay Rules 2016 in respect of the regular employees of the corresponding status in their schools with effect from 01.01.2016 as adopted by the Government of NCT of Delhi vide its circulars No. 30-3(17)/(12)/VII Pay Comm./Coord./2016/110006-11016 dated 19.08.2016 and No. 30-3(17)/(12)/VII Pay Comm./Coord./2016/12659-12689 dated 14.10.2016. Further, vide order no. F.DE.15/ (318)/PSB/2019/11925-30 dated 09.10.2019, the managing committee of all Private





Unaided Schools once again directed to implement the recommendation of 7<sup>th</sup> CPC with effect 01.01.2016 within 15 days from the date of issue of aforesaid order.

Further, section 10 of DSEA states "*the scales of pay and allowances, medical facilities, mention, gratuity, provident fund and other prescribed benefits of the employees of recognized private school shall not be less than those of the employees of the corresponding status in school run by the appropriate authority*". Therefore, employees of all the private unaided recognized schools are entitled to get the revised pay commission. This legal position has been settled by the Hon'ble High Court long back at the in the matter of WPC 160/2017; titled as Lata Rana Versus DAV Public School & Ors vide order dated 06.09.2018 for implementation of sixth pay commission recommendations.

It has been noted that School Management has not yet implemented the recommendations of 7<sup>th</sup> CPC with effect from 01.01.2016 on the ground of insufficient funds with the school.

Accordingly, the school was directed to implement the recommendations of 7<sup>th</sup> CPC but the school has not complied with the direction mentioned in the previous year's order. Hence, the impact of salary arrears which is still pending for payment for the period 01.01.16 to 31.03.19 and impact on salaries for FY 2019-20 on implementation of 7<sup>th</sup> CPC has been considered while deriving the fund position of the school with the direction to the school to implement the recommendations of 7<sup>th</sup> CPC in full within 30 days from the date of issue of this order. A strict action against the school would be initiated u/s 24(3) of DSEA, 1973 for non-compliance with the direction cited above.

- ii. The School has sufficient funds to carry on the operation of the School for the academic session 2019-20 on the existing fees structure. In this regard, Directorate of Education has already issued directions to the Schools vide order dated 16.04.2010 that,

*"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."*

AND 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 though certain financial observations that were identified (appropriate financial impact of which has been taken on the fund position of the school) and certain procedural observations which were also noted (appropriate instructions against which have been given in this order), the fee increase proposal of the school may be rejected.

AND WHEREAS, it is also noticed that the School has incurred INR 1,26,99,738 for additions to building out of the school fund which is not in accordance with clause 2 of public notice dated 04.05.1997, Rule 177 of DSER, 1973 and court judgements. Further, the school has utilised INR 72,87,217 for repayment of vehicles loans and interest there on in contravention of Rue 177 of DSER, 1973. Thus, the school is directed to recover INR 68,28,633 from the society. The amount

of above receipt along with copy of bank statement showing the receipt of above-mentioned amount should be submitted with DoE, in compliance of the same, within 30 days from the date of issuance of this order. Non-compliance of this shall be taken up as per DSEA & R, 1973.

AND WHEREAS, recommendation of the team of Chartered Accountants along with relevant materials were put before the Director of Education for consideration and who after considering all the material on the record, and after considering the provisions of section 17 (3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that the school has sufficient funds for meeting financial implication for the academic session 2018-19. Therefore, Director (Education) has rejected the proposal submitted by the school to increase the fee for the academic session 2019-20.

AND WHEREAS, the school is directed, henceforth to take necessary corrective steps on the financial and other observations noted during the above evaluation process and submit the compliance report within 30 days from the date of this order to the D.D.E (PSB).

Accordingly, it is hereby conveyed that the proposal for enhancement of fee for the academic session 2019-20 of **Delhi International Public School, Sector-9, Rohini, Delhi-110085 (School ID: 1413277)** is rejected by the Director (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 any fee/charges during FY 2019-20. In case, the school has already charged increased fee during FY 2019-20, 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 ensure payment of salary is made in accordance with the provision of Section 10(1) of the DSEA, 1973. Further, the scarcity of funds cannot be the reason for non-payment of salary and other benefits admissible to the teachers/ staffs in accordance with section 10 (1) of the DSEA, 1973. Therefore, the Society running the school must ensure payment to teachers/ staffs accordingly.
3. To utilize 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.

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 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

Delhi International Public School (School ID: 1413277)

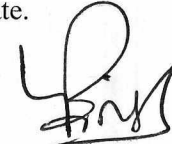
Sector-9, Rohini, Delhi-110085

No. F.DE.15 (522)/PSB/2022 / 3038-3042

Dated: 17/05/22

**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 (North West-B) to ensure the compliance of the above order by the school management.
4. In-charge (I.T Cell) with the request to upload on the website of this Directorate.
5. Guard file.



(Yogesh Pal Singh)

Deputy Director of Education

(Private School Branch)

Directorate of Education, GNCT of Delhi