

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

No. F.DE.15(548) / PSB / 2022 / 3197-3201

Dated: 19/5/22

**ORDER**

WHEREAS, Saraswati Bal Mandir, A-2, Paschim Vihar, (School Id-1617181) (hereinafter referred to as "the School"), run by the Samarth Shiksha Samiti (hereinafter referred to as "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 authorized 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/ other 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 & 2019-20**.

AND WHEREAS, in pursuance to Order dated 27.03.2019 of the DoE, the School submitted its proposal for enhancement of fee 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 examine the proposals submitted by the schools for fee increase for justifiability or not, the DoE 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 DSEAR, 1973, and other Orders/ Circulars issued from time to time by the DoE 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 to present its justifications/ clarifications on fee increase proposal including audited financial statements on 23 October 2019. Based on discussions, the School was further asked to submit necessary documents and clarification on various issues were noted. During the aforesaid hearing, compliances against Order No. F/D/E-15(287)PSB/2019/1265-69 dated 29.03.2019, issued for academic session 2017-18, was also discussed and submissions taken on record.

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





## A. Financial Observations

1. As per 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

Para 57 of Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India, "*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 recognized in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.*"

From review of the audited Financial Statements of FY 2018-19, it has been noted that the School has created provision for gratuity and leave encashment of INR 55,14,439 without making any investment in the plan assets. The School further mentioned that the Society has taken group gratuity scheme for all schools fall under the Society, but the School has not reported this investment in its audited financial statements. Therefore, School is directed to make equivalent investments against retirement liabilities in the 'Plan Assets' in accordance with AS-15 and thus, the total provision of Rs. 55,14,439 made by the School against gratuity and leave encashment has not been considered as payable as the School has not made investment in plan assets.

2. Clause 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.*"

Review of the audited financial statements revealed that the School is only refunding principal amount to the students at the time of his or her leaving of the school which is not in accordance with the above-mentioned provisions. The school is hereby directed to comply with the above-mentioned provisions with respect to caution money collected from the student and refund thereof. The amount refundable of INR 1,71,500 as on 31.03.2019 has been considered while deriving the fund position of the School.



## B. Other Observations

1. 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."

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 a 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 were taken on record, it has been noted that the school charges earmarked levies in the form of Computer fee from students. However, the School has not maintained separate fund accounts for this earmarked levy and has been generating surplus out of it, which has been utilized for meeting other expenses of the school. 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:

Particulars	Year	Computer fee
Fees Collection	2016-17	5,26,250
Expenses	2016-17	1,35,511
<b>Surplus/ (Deficit)</b>		<b>3,90,739</b>
Fees Collection	2017-18	6,06,950
Expenses	2017-18	1,90,786
<b>Surplus/ (Deficit)</b>		<b>4,16,164</b>
Fees Collection	2018-19	5,56,200
Expenses	2018-19	1,87,000
<b>Surplus/ (Deficit)</b>		<b>3,69,200</b>



Thus, the School is hereby directed to maintain separate fund account depicting clearly the amount collected, amount utilized and balance amount for earmarked levy collected from students. Unintentional surplus/deficit, if any, generated from earmarked levy shall 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 and not to include fee collected from all students as earmarked levies.

2. In laid to Section 17 of Delhi School Education Act 1973, " Fees and other charges"

- i. No aided school shall levy any fee or collect any other charge or receive any other payment except those specified by the Director.
- ii. Every aided school having different rates of fees or other charges or different funds shall obtain prior approval of the prescribed authority before levying such fees or collecting such charges or creating such funds.
- iii. The manager of every recognised school shall, before the commencement of each academic session, file with the Director a full statement of the fees to be levied by such school during the ensuing academic session, and except with the prior approval of the Director, no such school shall charge, during that academic session, any fee in excess of the fee specified by its manager in the said statement.

On reconciliation of tuition fee collected by school as per the number of students. A difference of INR 8,10,900 was noted. Therefore, the School is directed to reconcile its fee and provide the reason for such difference. The compliance with this direction will be verified while evaluating the fee increase proposal of the subsequent year. The reconciliation statement is provided below:

Class	Number of Students	Tuition fee (monthly)	Total Tuition fee for the year
Nursery	22	2000	5,28,000
KG	18	2200	4,75,200
1	20	2085	5,00,400
2	14	2085	3,50,280
3	20	2085	5,00,400
4	17	2085	4,25,340
5	20	2085	5,00,400
6	22	2375	6,27,000
7	22	2375	6,27,000
8	17	2375	4,84,500
9	37	2465	10,94,460
10	29	2465	8,57,820
11 (Sci)	20	2685	6,44,400
11 (Comm.)	21	2685	6,76,620
12 (Sci)	14	2685	4,51,080
12 (Comm.)	15	2685	4,83,300
<b>Total</b>			<b>92,26,200</b>
Tuition Fee as per Audited Financial Statements			1,00,37,100
<b>Difference</b>			<b>8,10,900</b>



3. As per Order No. DE.15/Act/Duggal.Com/ 203/99/23033-23980 dated 15.12.1999, the recognised private unaided school can collect following fees from the students/ parents:

- Registration Fee
- Admission Fee
- Caution Money
- Tuition Fee
- Annual Charges
- Earmarked Levies
- Development Fee

Further, clause no. 9 of the aforementioned order states *"No fee, fund or any other charge by whatever name called, shall be levied or realised unless it is determined by the Managing Committee in accordance with the directions contained in this order ...."*

The aforementioned order was also upheld by the Hon'ble Supreme Court in the case of Modern School vs Union of India & Others.

It was noted that the School's fee structure includes pupil fund and which is collected from all students and based on details submitted by the School, it has been utilised towards varied expenses of the school including co-curricular, function, meeting, etc. The School has submitted that the Pupil Fund is maintained as per Rule 171 framed under DSEA & R, 1973 and these funds are specifically used for the purpose for which these are collected and is regulated as per the provision of the said Rule. The School failed to understand the directions of the department and that as per order dated 15.12.1999 school cannot charge the fee other than prescribed heads of fee. Therefore, School is once again directed to stop the collection of pupil fund from students immediately. Further, for the purpose of evaluation of the fee hike proposal for FY 2019-20, the above-mentioned fee has been included in the income of the School while deriving the fund position.

During hearing, the School has accepted to rectify these discrepancies and thus, School submissions have been taken on record and the same shall be examined at the time of evaluation of fee proposal of the next academic session.

4. As per Order No. F. DE-15/ACT-I/WPC-4109/Part/13/7914-7923 dated 16.04.2016 read with Order No. F. DE-15/ACT-I/WPC-4109/Part/13/6750 dated 19.02.2016, schools which have been allotted land by the land-owning agencies on the condition to seek prior sanction of Director of Education for increase in fee, are required to submit their proposals for prior approval for academic session 2016-17 online through website of the Directorate. The Land allotment letter of the School has a condition not to increase the rate of fee without prior sanction of the Directorate of Education. However, on review of fee receipts submitted by the School, it has been observed that the School had increased Tuition Fee in FY 2019-20 without obtaining prior approval from Directorate of Education and thus, has contravened the aforesaid orders issued by the Directorate of Education. Therefore, the School is directed to roll back the increase fee or adjust the excess amount collected by the School against the future fee receivable from the students.



5. 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 incurrance 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." Further, Para 102 of the aforementioned Guidance Note states "In respect of funds, schools should disclose the following in the schedules/notes to accounts:

- (a) In respect of each major fund, opening balance, additions during the period, deductions/utilisation during the period and balance at the end;
- (b) Assets, such as investments, and liabilities belonging to each fund separately;
- (c) Restrictions, if any, on the utilisation of each fund balance;
- (d) Restrictions, if any, on the utilisation of specific assets."

From review of the audited financial statements for FY 2018-19, it has been noted that on utilisation of development fund for purchase of asset, the School has not treated development fund as deferred income to the extent of the cost of asset and has not transferred to the credit of income and expenditure account in proportion of depreciation charged every year on the assets purchased out of development fee. Therefore, School is directed to make necessary adjustments in development fund, development utilisation and general reserve as outlined in para 99 of Guidance note on accounting by schools. This is being accounting issue not financial impact has been given while deriving the fund position of the School.

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 FY 2019-20 amounting to **INR 1,80,97,404** out of which cash outflow for the FY 2019-20 is estimated to be **INR 1,89,94,712**. This results in deficit of **INR 8,97,308**. The details are as follows:

Particulars	Amount in INR
Cash and Bank balances as on 31.03.19 as per Audited Financial Statements of FY 2018-19	20,06,213
Investments as on 31.03.19 as per Audited Financial Statements of FY 2018-19	10,31,987
<b>Liquid Fund as on 31.03.2019</b>	<b>30,38,200</b>
Add: Fees for FY 2018-19 as per Audited Financial Statements on the assumption that amount received in FY 2018-19 will at least accrue in FY 2019-20.	1,52,33,993
Add: Other income for FY 2018-19 as per Audited Financial Statements on the assumption that amount received in FY 2018-19 will at least accrue in FY 2019-20 excluding Samarapn Rashi.	5,09,630
Add: Estimated fee increase on account of 15% increase in tuition fee approved by DoE vide order no. F/D/E-15(287)PSB/2019/1265-69 dated 29.03.2019	12,99,252
<b>Total Available Funds for FY 2019-20</b>	<b>2,00,81,075</b>
Less: FDR with joint name of School Manager and CBSE as on 31.03.2019	9,49,675
Less: Caution Money as on 31.03.2019 (Refer Financial Observation No 3)	1,71,500



Particulars	Amount in INR
Less: Development Fund as on 31.03.2019	8,62,496
Less: Staff retirement benefits- Gratuity & Leave Encashment	0
<b>Net Available Funds for FY 2019-20</b>	<b>1,80,97,404</b>
Less: Budgeted expenses as per the Budgeted Financial Statement for the Financial Year 2019-20 (Refer Note 1 below)	1,89,94,712
<b>Estimated Deficit</b>	<b>(8,97,308)</b>

**Note 1:** All expenditure as per the budget of FY 2019-20 has been considered for the purpose of fund calculation of the School.

- ii. The School does not have sufficient funds to carry on the operation of the School for the academic session 2019-20 on the existing fee 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 the 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 along with certain financial observations (appropriate financial impact has been taken on the fund position of the School) and certain other observations (appropriate instructions have been given in this order), that the sufficient funds are not available with the School to carry out its operations for the academic session 2019-20. Accordingly, the fee increase proposal of the School may be accepted.

AND WHEREAS, it is relevant to mention that COVID-19 pandemic had a widespread impact on the entire society as well as on general economy. Further, charging of any arrears on account of fee for several months from the parents is not advisable not only because of additional sudden burden fall upon the parents/students but also as per the past experience, the benefit of such collected arrears is not passed to the teachers and staff in most of the cases as was observed by the Justice Anil Dev Singh Committee (JASDSC) during the implementation of the 6<sup>th</sup> CPC. Keeping this in view, and exercising the powers conferred under Rule 43 of DSER, 1973, the Director (Education) has accepted the proposal submitted by the School and allowed an increase in fee by 07% to be effective from 01 July 2022,

AND WHEREAS, recommendation of the team of Chartered Accountants along with relevant materials were put before the Director (Education) for consideration and who after considering all the material on the record, and after considering the provisions of sections 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 funds are not available with the School for meeting its financial implication for the academic session 2019-20. Therefore, Director (Education) has accepted 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 of fee increases for academic session 2019-20 of **Saraswati Bal Mandir, A-2, Paschim Vihar, New Delhi – 110063 (School Id-1617181)**, has been accepted by the Director (Education) and School is hereby allowed to increase the fee by 07% to be effective from 01 July 2022,

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

1. To increase the fee only by the prescribed percentage from the specified date.
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 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  
Saraswati Bal Mandir,(School Id: 1617181)  
A-2, Paschim Vihar,  
New Delhi -110063

No. F.DE.15 (548 )/PSB/2022 | 3197 - 3201

Dated: 19/05/22

**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.



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**