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

No. F.DE.15 (1117**)/PSB/2022/** 460-464 Dated: 16/01/23

Order

WHEREAS, **Modern Montessori School (also known as Modern Public School) (School ID-1001161) Rishabh Vihar Delhi 110092,** (hereinafter referred to as **"the School"**), run by the **Adhunik Bal Shiksha Samiti** (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/2019/4440-4412 dated 08.06.2022, 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 academic session 2022-23.

AND WHEREAS, in pursuance to order dated 08.06.2022 of the DOE, the school submitted its proposal for enhancement of fee for the academic session **2022-23**. Accordingly, this order dispenses the proposal for enhancement of fee submitted by the school for the academic session **2022-23**.

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 increase proposal filed by the aforesaid School for the academic session 2022-23, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 7th October 2022 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 that hearing, the compliance of order no. F.DE.15(776)/PSB/2022/4984-4988 dated 23.06.2022 issued for the academic session 2019-20 was also discussed and the school submission were taken on record.

AND WHEREAS, on receipt of clarification as well as documents uploaded on the web portal for fee increase and subsequent documents submitted by the school as a result of the personal hearing, were evaluated thoroughly by the team of Chartered Accountants. After evaluation of fee proposal of the school and its subsequent clarifications and submissions, following key suggestions for improvement were noted:

A. Financial Suggestions for Improvement

1. As per Clause 8 of order No. DE/15/Act/Duggal.Com/203/99/23033-23980 dated 15.12.1999, Clause 23 of Order No. F.DE./15(56)/Act/2009/778 dated 11.02.2009 and Section 18(4) of DSEA,1973 read along with Rule 176 and Rule 177 of Delhi School Education Rules, 1973 states that "Fees/funds collected from the parents/students shall be utilized strictly in accordance with rules 176 and 177 of the Delhi School Education Rules, 1973. No amount whatsoever shall be transferred from private recognized unaided school fund to the society or the trust or any other institution."

   The school transferred INR 92,26,163 to the society in FY 2015-16 and the same was directed to recover from the society vide Directorate's Order no. F.DE.15(19)/PSB/2019/907-911 dated 22.01.2019. However, the School has not complied with the above direction and the aforesaid amount is pending for recovery.

   Post personal hearing, the school has submitted the response stating that "The amount of INR 92 lakhs is the amount transferred towards society for last many years in lieu of numerable services offered by the society. The said amount has not been adjusted against the capital fund lent by the society. Hence it is just a contra entry with no financial impact."

   The contention of the school is incorrect because, the school has been transferring school funds to the society over the years and the same can be concluded as the diversion of funds. Therefore, the amount transferred by the school to the society of INR 92,26,163 is hereby again considered as fund available with the school to meet expenditure towards investment for staff gratuity and leave encashment or to pay salary arrears outstanding on implementation of the recommendations of 7th CPC with the direction to the school to recover the same from the society within 30 days from the date of issue of this order.

2. Para 57 of Accounting Standard 15 (AS-15) 'Employee Benefits' issued by the Institute of Chartered Accountants of India states that "*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.*" Further, Para 7.14 defines the Plan Assets as:

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

   And Para 60 of Guidance Note-21 '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 accruing liability. The accruing liability should be calculated according to actuarial valuation. However, if the school employs only a few persons say less than 50, 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 the documents submitted by the school post personal hearing, it has been noted that the requirement of AS-15 is not applicable to the school as it has employed less than 50 staff in a year. The school has calculated liability for gratuity amounting to INR 76,80,003 for 27 employees in accordance with actuarial valuation report as on 31.03.2022. Additionally, it has been noted that the school has not calculated liability towards leave encashment in the books of accounts.

During personal hearing, the school explained that it has not invested any amount in Plan Asset, but it has an investment of INR 39,65,234 in the form of FDR, which can be utilized for payment of gratuity as and when required. The contention of the school is not tenable as investment held by the school in the form of FDR does not qualify as Plan Asset.

Gratuity is the statutory liability which the school is required to pay to their eligible employees on their retirement/resignation, as the case may be. However, over the number of years, the department has noticed that most of the schools have been recording liability for retirement benefits in their financial statements without making any investment in Plan Asset due to paucity of funds or otherwise. Accordingly, many schools keep the retirement benefit 'unfunded', which is not the true spirit of law, and it also defeats the objectives of maintaining of books of accounts as per Generally Accepted Accounting Principles (GAAP) as directed by the Hon'ble Supreme Court in its landmark judgment titled Modern School Vs. Union of India and Ors. Therefore, it has been felt that in order to protect statutory dues of the employees, instead of disallowing the full liability on account of non-investment in Plan Asset, it would be rational to spread this liability over the period of 14 years on the assumption that normally a student studies 14 years in the school. This will not only allow the schools a breather to make an investment in Plan Asset gradually but also lower down the sudden financial burden of fee on the parents/students on account of huge liability for retirement benefits.

Accordingly, an amount of INR 5,48,572 (i.e., 1/14 of INR 76,80,003) has been considered while deriving the fund position of the school. Therefore, the school is directed to make provision for gratuity and leave encashment in the audited financial statements based on the rational method and invest the same in an investment which qualify as plan assets within the meaning of AS-15 within 30 days from the date of issue of this order submit the compliance report within 30 days from the date of issue of this order. In case the school fails to comply with the above directions, the school shall not be allowed further instalments and the amount so allowed to the school shall be recovered from the society/ school management along with interest while evaluating the fee increase proposal for the subsequent year.

In view of the above, provision amounting to INR 22,00,000 towards gratuity budgeted by the school in its proposal has also been considered while deriving the fund position of the school for FY 2022-23.

3. Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11.02.2009 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 a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with income generated from the investment made from this fund, will be kept in a separately maintained Development Fund Account."

Also, para 67(ii) of the Guidance Note-21 states *"The financial statements should disclose, inter alia, the historical cost of fixed assets."*

Para 99 of Guidance Note-21 Accounting by Schools 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."

Further, Para 102 of the Guidance Note-21 also 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/utilization 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 utilization of each fund balance;
(d) Restrictions, if any, on the utilisation of specific assets."
(e) Also, as per para 67(ii) of the Guidance Note-21 "The financial statements should disclose, inter alia, the historical cost of fixed assets."

Taking the cognisance from the above para, the school needs to create the 'Development Fund Utilisation Account' as deferred income to the extent of cost of assets purchased out of development fund and then this deferred income should be amortised in the proportion of the depreciation charged to income and expenditure account. If the school follows the accounting treatment specified by para 99 of the guidance note, the depreciation reserve fund would be mere an accounting head and school is not required to invest equivalent for that.

On review of the audited financial statements of FY 2021-22 revealed that the school is not following para 99 of the GN 21 cited above. As the school has neither created the deferred income account upon purchase of assets out of the development fund nor transferred any amount from deferred income account to the credit of income and expenditure account equivalent to the depreciation charged on those assets.

Further, on review of audited financial statements of FY 2021-22, it has also been noted that the development fund was utilised for purchase of fixed assets and the school has transferred an amount equivalent to the cost of assets purchased to the capital fund which is not in accordance with the provisions of Para 99 of Guidance Note-21 Accounting by Schools issued by the Institute of Chartered Accountants of India. The school has also maintained "depreciation reserve fund" for the sake of collection of development fund only however, there is no adjustment entries related to depreciation charged on the asset purchased out of development fund in the income & expenditure account and depreciation reserve fund.

Moreover, assets purchased are shown at WDV in the financial statements which is in contravention of para 67(ii) of the Guidance Note-21.

Additionally, it has been noted that the school has been utilizing development fund for purchase of plant & machinery, library books and vehicle, etc which is not in accordance with clause 14 of order dated 11-02-2009. As per clause 14 of the order dated 11.02.2009, the development funds can only be utilized for purchase upgrade and replacement of furniture, fixture, and equipment only and not for other purpose. Therefore, the school is hereby directed to ensure that the development fee should be collected and used in accordance with clause 14 of the order dated 11.02.2009.

Similar point was also noted in Directorate Order No. F.DE.15(776)/PSB/2022/4984-4988 dated 23.06.2022 issued post evaluation of fee increase proposal for academic session 2019-20. As the school has not complied with direction issued in the previous year order, therefore the school is again directed to comply with the directions included in orders above regarding development fund and make necessary rectification entries relating to capital fund. However, the development fund balance as on 31st March 2022 amounting to INR 164,124 has been considered while deriving the fund position of the school for FY 2022-23.

B. Other Suggestions for improvement

1. Clause 19 of Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 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."*

   Clause 21 of Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 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."*

   Clause 22 of Order No. F.DE /15(56)/ Act/2009/778 dated 1.02.2009 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."*

   Clause 6 of Order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999 states *"Earmarked levies shall be charged from the user student only."*

   Rule 176 states *"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."*

   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 at 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 form of restricted funds, which, according to Guidance Note-21 '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 Guidance Note-21 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 and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account.

   From the information provided by the school post personal hearing, it has been noted that school charges earmarked levies in the form of Transport fees from the user students. Further, the school maintained a separate fund for transport fee, but the school failed to transfer an amount equivalent to the transport expenditure incurred by the school from the transport fund to the credit of the Income & Expenditure account which is in contravention of GN-21.

Accordingly, the school is directed to evaluate costs incurred against earmarked levy and propose the revised fee structure for earmarked levies in the subsequent proposal of fee increase by ensuring that the proposed levies are calculated on no-profit no-loss basis and school should not make any transfer of funds from general fund to earmarked fund as deficit/surplus should be adjusted from the earmarked levy collected from students and not from any other fee/savings. Moreover, the school is directed to follow the concept of GN 21 for fund-based accounting of restricted funds.

2. The Directorate vide its order No. F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 directed that the school shall provide 25% reservation to children belonging to EWS category. Even as per the land allotment letter, the school is required to provide free ship to students belonging to weaker section. However, as per the information provided by the school for FY 2019-20 to FY 2021-22, it has been noted that the school was not complying with the abovementioned DOE's Order and condition mentioned in the land allotment letter which provides for granting of free ship to the extent of 25% to the children belonging to EWS category. Therefore, DDE District may be requested to look into this matter and ensure compliance with the above requirements. The details of total students and EWS students for the FY 2019-20 to 2021-22 are tabulated below:

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
EWS	88	96	114
Total Strength	1079	1014	1002
% Of EWS students to total strength	8.16%	9.47%	11.38%

3. As per Right to Education act, the pupil teacher ratio for primary classes and upper primary classes should be 30:1 and 35:1 respectively. Also, as per the affiliation bye-laws prescribed by Central Board of Secondary Education (CBSE), the student's teacher ratio should not exceed 30:1 excluding principal, physical education teacher and counsellor to teach various subjects. However, based on the information submitted by the school relating to total students and number of teachers following ratios have been derived:

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Total Number of Students (A)	1079	1014	1002
Number of Teachers (B)	41	39	40
Students to teacher ratio(A/B)	26.32	26.00	25.05

In view of the above calculation, it has been observed that there is one teacher on every 25 students which is much higher than the standard prescribed by the CBSE and mentioned in the RTE Act. It seems that there is overstaffing of teaching staff in the school. Therefore, the school management is required to look into this aspect and try to establish an equilibrium, without compromising the standard of education, between the standard prescribed by the CBSE and the existing student teacher ratio.

4. The school shall prepare a Fixed Assets Register (FAR) that captures date, asset name, amount, supplier name, invoice number, manufacturer's serial number, location, depreciation, asset identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place as a part of internal control measure.

Therefore, the school is directed to prepare the fixed assets register with the above details and submit the compliance report within 30 days from the date of issue of this order.

5. Review of the proposal for enhancement of fee for academic session 2022-23 submitted by the school indicated that the school did not include/disclose transport fee collected by it from students in its proposal for fee increase submitted for FY 2022-23. 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 FY 2022-23 amounting to INR **3,67,65,024** out of which cash outflow in the FY 2022-23 is estimated to be INR **3,36,78,991.** This results in surplus of INR **30,86,033** for FY 2022-23 after all payments. The details are as follows:

Particulars	**Amount (in INR)**
Cash and Bank balances as on 31.03.22 as per audited financial statements **(Refer Note 1 Below)**	15,56,771
Investments as on 31.03.22 as per audited financial statements **(Refer Note 2 Below)**	39,65,234
Liquid Funds Available with the School as on 31 Mar 2022	**55,22,005**
Add: Fees for FY 2021-22 as per Audited Financial Statements **(Refer Note 3 Below)**	2,18,60,833
Add: Other income for FY 2021-22 as per Audited Financial Statements **(Refer Note 3 below)**	8,96,530
Net available funds for FY 2022-23	**2,82,79,368**
Add: Amount recoverable from Society for amount transferred to the society **(Refer Financial Suggestion No. 1)**	92,26,163
Less: Investment in LIC against Gratuity and Leave Encashment **(Refer Financial Suggestion No. 2)**	5,48,572
Less: Development Fund as on 31.03.2022 as per audited financial statements	1,64,124
Less: Transport fund as on 31.03.2022 as per audited financial statements	27,812
Estimated availability of funds for FY 2022-23	**3,67,65,024**
Less: Budgeted expenses for the session 2022-23 (after making adjustment) **(Refer Note 4 below)**	**3,36,78,991**
Less: Salary arrears as per 7th CPC **(Refer Note 5 below)**	-
Net Surplus	**30,86,033**

Note 1: As per bank reconciliation of Canara Bank vide account no. 1682101021786, closing balance of bank was INR. 2,01,709. However, to get the fee increase for the FY 2022-23, the school shown the balance of bank as negative amounting to INR 74,97,203 by issuing the cheques of the expenses which are not paid yet by the school. Hence, INR 2,01,709 has been considered while calculating the fund position of the school.

Note 2: The detail of fixed deposit held by the school as per the audited financial statements of FY 2021-22 is provided below:

Particulars	Amount (in INR)	Remarks
FDR against gratuity fund	39,65,234	Available with the school for utilization.

Note 3: The Department vide its Order No.F.No.PS/DE/2020/55 dated 18.04.2020 and Order No.F.No.PS/DE/2020/3224-3231 dated 28.08.2020 had issued guidelines regarding the chargeability of fees during the pandemic COVID 2019. The department in both the above-mentioned orders directed to the management of all the private schools not to collect any fee except the tuition fee irrespective of the fact whether running on the private land or government land allotted by DDA/other land-owning agencies and not to increase any fee in FY 2020-21 till further direction.

The department in pursuance of the order dated 31.05.2021 in WPC 7526/2020 of Single Bench of the Hon'ble High Court of Delhi and interim order dated 07.06.2021 in LPA 184/2021 of the Division Bench of Hon'ble High Court of Delhi and to prevent the profiteering and commercialization, again directed to the management of all the petitioners private unaided recognized schools through its Order No. F. No. DE.15 (114) /PSB /2021 /2165-2174 dated 01.07.2021:

(i) *"to collect annual school fee (only all permitted heads of fees) from their students as fixed under the DSEAR,1973 for the academic year 2020-21, but by providing deduction of 15% on that amount in lieu of **unutilized facilities** by the students during the relevant period of academic year 2020-21"*. And if the school has collected the fee in excess to the direction issued by the Hon'ble Court, the same shall be refunded to the parents or adjusted in the subsequent month of fee or refund to the parents.

(ii) The amount so payable by the concerned students be paid in six equal monthly instalments w.e.f. 10.06.2021.

(iii) The above arrangement is also applicable with respect to collection of fees for FY 2021-22.

On review of the audited financial statements of the FY 2021-22 and based on the further information provided by the school, it has been noted that the school has reported 100% of the tuition fees and 85% of annual charges and development fees in its audited financial statements of FY 2021-22 on receipts basis. Therefore, the income collected by the school during the FY 2021-22 with respect to tuition fee, annual charges and development fees has been grossed up on accrual basis to make comparative income with the FY 2022-23. The detailed calculation has been provided below:

Table A

Particulars	Income as per Fee Reconciliation submitted by the school for the FY 2021-22	Income Considered while deriving the fund position for the FY 2022-23	Remarks
Tuition Fee	1,62,67,200	1,62,67,200	
Annual Charges	28,97,254	34,08,534	Annual charge and Development fee of FY 2021-22 has been increased

Particulars	Income as per Fee Reconciliation submitted by the school for the FY 2021-22	Income Considered while deriving the fund position for the FY 2022-23	Remarks
Development fees	18,32,259	21,55,599	to 100% as the school had collected these after allowing 15% discount.
Total	**2,09,96,713**	**2,18,31,333**	

All the other income as per audited financial statements of FY 2021-22 has been considered with the assumption that the amount received in FY 2021-22 will at least accrue during FY 2022-23.

Note 4: All budgeted expenditure proposed by the school has been considered while deriving the fund position of the school except following:

Heads	Budgeted expenditure in FY 2022-23	Amount Disallowed	Remarks
Salaries to teaching and non- teaching staff	2,30,00,000	26,46,009	Restricted to 130% of the expenses incurred by the school in the FY 2021-22.
Transport Expenses	13,00,000	13,00,000	Neither income nor expenditure has been considered while calculating the fund position of the school for FY 2022-23
Depreciation	27,60,582	27,60,582	Expense being a non-cash item
Total	**2,70,60,582**	**67,06,591**	

Note 5: In accordance with Section 10(1) of Delhi School Education Act 1973, scales of pay and allowance, medical facilities, pension gratuity, provident fund, and other prescribed benefits of the employees of a recognized private school shall not be less than those of the employees of the corresponding status in schools run by the appropriate authority.

Further, Directorate of Education has adopted the Central Civil Serviced (Revised Pay) Rules, 2016 vide Circular No 30-3(17)/(12)/VII pay Comm./2016/11006-11016 dated 19.08.2016 and No. 30-3 (17)/(12)/VII pay Comm./Coord./2016/12659-12689 dated 14.10.2016 for employees of Government Schools.

Further, in exercise of the powers conferred under clause (xviii) of Rule 50 of the Delhi School Education Rules, 1973, vide Competent Authority order No DE.15 (318)/PDB/2016/18117, dated 25.08.2017, the managing committees of all Private unaided Recognized Schools have already been directed to implement central Civil Services (Revised Pay) Rule, 2016 in respect of the regular employees of the corresponding status with effect from 01.01.2016 (for the purpose of pay fixation and arrears). Further, guidelines/detailed instructions for implementation of 7th CPC recommendations in Private Un-aided Recognized Schools of Delhi has been issued vide DOE order dated 17.10.2017.

During personal hearing, school mentioned that it has not implemented the recommendation of 7th CPC until now. Post personal hearing the school submitted calculation of salary arrears in accordance with the 7th CPC which were taken on record. On review of the salary calculation provided by the school, it has been noted that details regarding fixation of salary and gross salary as per 6th CPC cannot be identified. As the school was asked to provide these details vide email dated 7th September 2022 and 9th November 2022 but the same was not provided by the school. Further, it has been noted that the school has not submitted such necessary documents during the fee increase proposal of academic session 2018-19 and 2019-20 as well which shows the school's negligence. In the absence of necessary information, the salary arrears provided by the school cannot be verified. Hence, the same has not been considered in the above calculation.

ii. The school has sufficient funds to carry on its operation for the academic session 2022-23 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 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 and other irregularities, that the sufficient funds are available with the school to carry out its operations for the academic session 2022-23. 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 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 2022-23. Therefore, Director (Education) has rejected the proposal submitted by the school to increase the fee for the academic session 2019-20.

Accordingly, it is hereby conveyed that the proposal of fee increase of **Modern Montessori School (also known as Modern Public School) (School ID- 1001161) Rishabh Vihar Delhi 110092,** is rejected by the Director of 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 in pursuance to the proposal submitted by school on any account for the academic session 2022-23 and if the fee is already increased and charged for the academic session 2022-23, the same shall be refunded to the parents or adjusted in the fee of subsequent months.

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

Nandini

(Nandini Maharaj)
Additional Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To:
The Manager/ HoS
Modern Montessori School/Modern Public School
Rishabh Vihar Delhi 110092
School ID- 1001161

No. F.DE.15(117)/PSB/2022/ 460-464

Dated: 16/01/23

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 (East) 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.

Nandini

(Nandini Maharaj)
Additional Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi