

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

No. F.DE.15 @/PSB/2023/ 1525 7407-7411

Dated: 21/08/23

Order

WHEREAS, Greenway Modern Sr Sec School, Between Pockets A&B, Dilshad Garden, Delhi – 110032 (School Id: 1106222) (hereinafter referred to as “the School”), run by the ShantiJanak Sachdeva 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, the manager of every recognized 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.’

Thus, the Director (Education) has the authority to examine the full statement of fees filled under section 17(3) of the DSEA, 1973 and returns and documents submitted under section 18(5) of DSEA, 1973 read with rule 180(1) of DSER, 1973.

AND WHEREAS, besides the above, the Director(Education) is also required to examine and evaluate the fee increase proposal submitted by the private unaided recognized schools for some of the schools which have been allotted from Director (Education) before any increase in fee.

AND WHEREAS, 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 increase of fee for the academic session 2022-23. Accordingly, the order dispenses the proposal for increase of fee submitted by the school for the academic session 2022-23.

AND WHEREAS, in order to examine the proposals submitted by the schools for fee increase for justifiability or not, the DoE has evaluated the fee increase proposals of the school carefully in accordance with the provisions of the DSEAR, 1973, and other Orders/ Circulars issued from time to time by the DoE.

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 02nd May 2023 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. In the aforesaid personal hearing, compliance of Order No. F.DE. 15/(556)/PSB/2022/3232-3236 dated 19.05.2022 issued for FY 2019-20 was also discussed with the school and the school's submissions were taken on record.

AND WHEREAS, on receipt of clarification as well as documents uploaded on the web portal for the fee hike post personal hearing, the fee hike proposal was evaluated by DOE and the key suggestions noted for improvement by the school are hereunder:

A. Financial Suggestions for Improvement

1. As per 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 and income generated from the investment made out of this fund, will be kept in a separately maintained Development fund Account."

The Directorate in its Order No. F.DE. 15/(556)/PSB/2022/3232-3236 dated 19.05.2022 issued for FY 2019-20 directed the school to utilize development fee only for the purchase, upgradation and replacement of furniture, fixtures and equipment and not for the purchase of library books, science lab and car. Also, the school was directed to pass the rectification entries in its books of accounts and report the correct development fund balance in audited financial statements.

On review of the audited financial statements for FY 2019-20 to 2021-22, it is noted that the school has passed rectification entries in its books of accounts. However, schedule of fixed assets purchased out of development fund revealed that the school has utilized development fund for the installation of lift which is not in accordance with clause 14 of order dated 11.02.2009. Therefore, the school is directed to comply with the provisions of clause 14 of order dated 11.02.2009 and ensure the utilization of development fee for purchase, upgradation and replacement of furniture, fixtures and equipment. Also, the school is directed to pass rectification entries in its books of accounts and report the correct development fund balance.

2. 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, according to para 7.14 of the Accounting Standard 15 *"Plan assets comprise:*

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

On review of audited financial statements for FY 2021-22, the school has reported the liability for retirement benefits in its audited financial statements in agreement with the actuarial valuation report. The total liability of the school towards gratuity and leave encashment as on 31.03.2022 are INR 2,78,15,631 and INR 1,62,70,763 respectively. However, the school has invested only INR 70,00,000 with LIC in the plan assets within the meaning of AS-15 'Employees Benefit'.

Similar observation was also noted in the Directorate's Order No. F.DE. 15/(556)/PSB/2022/3232-3236 dated 19.05.2022 issued for FY 2019-20.

Thus, the amount invested by the school with LIC amounting to INR 70,00,000 has been considered while deriving the fund position of the school. Further, the school is directed to deposit the amount in the plan assets with LIC (or other agency) as determined in actuary valuation report for gratuity and leave encashment and ensure that the amount deposited in plan assets is equivalent to the provision for gratuity and leave encashment.

3. Section 18(4) of DSEA 1973 state *"income derived by Unaided Recognized School by way of fees should be utilized only for educational purposes as prescribed under Rules 176 and 177 of the DSER. 1973"*.

Rule 177 of DSER, 1973 states *"Income derived by an unaided recognized school by way of fees shall be utilized 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 utilized 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 recognized 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. Further, 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".*

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 10.02.02005 issued by this Directorate states *"Capital expenditure cannot constitute a component of the financial fee structure."*

Moreover, the school fee should, in first instance, be utilized for meeting pay, allowances and other benefits admissible to the employees of the school and not for capital expenditure of car, principal amount of loan and interest thereon.

On review of audited financial statements for FY 2019-20, it is noted that the school has utilized its funds on purchase of vehicles amounting to INR 18,74,055. From the above observation it can be inferred that the school funds have been used for purchase of vehicles without complying provisions of section 18 (4) read with Rule 176 and 177.

Accordingly, INR 18,74,055 has been included in the calculation of available fund of the school with the direction to the school to recover this amount from the society/management of the school within 30 days from the date of issue of the order.

4. As per clause 103 on Related Party Disclosure, contained in Guidance Note 21 on 'Accounting by Schools', issued by the ICAI, there is a requirement that keeping in the view the involvement of public funds, schools are required to disclose the transactions made in respect of related parties.

The Directorate in its Order No. F.DE. 15/(556)/PSB/2022/3232-3236 dated 19.05.2022 issued for FY 2019-20, directed the school to disclose related party transactions in its audited financial statements. However, on review of audited financial statements of the school, it is noted that the school has disclosed following related party transactions in its notes on financial statements for FY 2021-22:

Particulars	Designation	Relation	Nature of Payment	Amount
Mohit Sachdeva	Principal	Member/ Relative of Society Member	Salary	31,36,746
Tarun Sachdeva	Vice Principal	Member/ Relative of Society Member	Salary	29,18,280
Mansi Sachdeva		Member/ Relative of Society Member	Salary	10,93,209

Further, 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.

On review of documents submitted by the school, it is noted that the school is paying additional allowances only to the above-mentioned related parties during FY 2021-22 apart from Basic pay, DA and HRA. These payments are neither prescribed nor allowed in the provisions of DSEA&R, 1973 and in the recruitment rules, etc. Further, the amount of allowances paid to the related persons are as under:

Particulars	Designation	Relation	Allowance per month	Total Allowance paid during FY 2019-20 to 2021-22
Mohit Sachdeva	Principal	Member/ Relative of Society Member	1,40,500	50,58,000
Tarun Sachdeva	Vice Principal	Member/ Relative of Society Member	1,40,500	50,58,000
Mansi Sachdeva	TGT	Member/ Relative of Society Member	16,000	5,76,000

*It is assumed that the amount of allowance is same in FY 2019-20 to 2021-22

Therefore, INR 1,06,92,000 has been added to the fund availability position of the school with the direction to the school to recover this amount from the society within 30 days from the date of issue of the order and directed not to pay any additional allowance to the related party.

Also, the school is directed to submit detailed break-up of allowances paid to related parties during FY 2019-20 to 2021-22. The compliance of the above direction shall be viewed at the time of evaluation of fee increase proposal of subsequent year.

B. Other Suggestions for Improvement

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

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

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

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

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

Also, 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).

On review of audited financial statements for FY 2019-20 to 2021-22, it has been noted that the school charges earmarked levies in the form of Transport Fee, Smart Class Fee and SMS & Web Fee and the school is not maintaining separate fund accounts for these earmarked levies but has been generating surplus, 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. Based on the information provided by the school the surplus/ deficit generated by the school is provided below.

Particulars	Transport Fee	Smart class Fee	SMS & Web service
For the year 2019-20			
Fee Collected during the year (A)	41,44,750	50,89,700	37,73,400
Expenses during the year (B)	44,77,609	53,16,740	32,96,620
Difference for the year (A-B)	-3,32,859	-2,27,040	4,76,780
For the year 2020-21			
Fee Collected during the year (A)	-	-	-
Expenses during the year (B)	64,130	58,33,970	12,03,600
Difference for the year (A-B)	-64,130	-58,33,970	-12,03,600
For the year 2021-22			
Fee Collected during the year (A)	-	-	-
Expenses during the year (B)	56,377	30,98,204	11,82,360
Difference for the year (A-B)	-56,377	-30,98,204	-11,82,360

Similar observations were also noted in Directorate's Order No. F.DE. 15/(556)/PSB/2022/3232-3236 dated 19.05.2022 issued for FY 2019-20 which the school has yet to comply with.

Based on the above-mentioned provisions, earmarked levies are to be collected only from the user students availing of the service/facility. In other words, if any service/facility has been extended to all the students of the school, a separate charge should not be levied for the service/facility as the same would get covered either under tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). The charging of unwarranted fee or charging of any other amount/fee under different heads other than prescribed and accumulation of surplus fund thereof prima-facie is considered as collection of capitation fee in other manner and form. Therefore, the school is directed not to charge smart class fee and SMS & web service.

Further, the school is hereby directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. 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.

Unintentional surplus, if any, generated from earmarked levies has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies during subsequent proposals for enhancement of fee ensuring that the proposed levies are calculated on a no-profit no-loss basis and not to include fees collected from all students as earmarked levies.

2. The Directorate in its Order No. F.DE. 15/(556)/PSB/2022/3232-3236 dated 19.05.2022 issued for FY 2019-20, noted that the 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's submission, the details of EWS students and total number of students are as follows:

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Total Students	3786	3787	3731
EWS Students	613	644	718
% of EWS students	16%	17%	19%

As per table above, it can be noted that the school has not been complying with the directions of the Directorate and conditions of land allotment letter. Therefore, the concerned DDE (District) is requested to look into this matter and ensure compliance with the above directions.

3. In the Directorate's Order No. F.DE. 15/(587)/PSB/2018/30030-35 dated 30.11.2018 issued for FY 2017-18 it was noted that on review of the audited financial statements of FY 2017-18 and 2018-19 revealed that the school incurred huge expenditure on purchase of furniture and fixtures and its repair and maintenance whereas the total no. of students was not increased in the same proportion. The details are as under:

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
Opening Balance	3,54,93,382	4,12,29,278	4,71,68,766
Additions	57,35,896	59,39,488	66,31,880
Less: Deletions	-	-	-
Closing Balance	4,12,29,278	4,71,68,766	5,38,00,646
% of addition over opening balance	16%	14%	14%
Repair & Maintenance of Furniture	23,24,176	24,77,177	19,96,204
% of Repair & maintenance over opening balance	7%	6%	4%
Number of Students	3,379	3,412	3,463
Cost of Furniture & Fixtures per student	12,889	14,551	16,112
Depreciation charged on additions	3,92,054	4,87,384	10,96,538

From the above table, it was inferred that the school incurred between INR 12889 to 16112 per year per student on purchase and repairing of furniture and fixture. Therefore, the school management was directed to take immediate steps to monitor the expenditure and was directed to follow due diligence while utilizing the school funds. However, the school in its compliance report has mentioned that the school has paid extra attention after getting DoE order and expense come down to INR 1,724 and INR 785 per student per year in FY 2019-20 & 2020-21 respectively. This has been taken on record. Accordingly, the school is instructed to follow the due diligence while utilizing the school funds.

4. Review of the audited financial statements of FY 2017-18 to 2020-21, revealed that other expenditure (net of depreciation) of the school was more than the establishment expenditure

(salary and salary related cost). While the other school has been incurring on an average 70%-80% of the tuition fee on establishment expenditure. However, the below table indicates that the school has been incurring 58% to 69% of its tuition fee on establishment expenditure which indicates that the school funds are not managed appropriately. Therefore, the school management is required to monitor and exercise due care on occurrence of these expenditures. Similar observation was also noted in the Order No. F.DE. 15/(587)/PSB/2018/30030-35 dated 30.11.2018 issued for FY 2017-18 wherein the school management was directed to monitor the significance of such expenditure and exercise due control over the same. However, it appears that the school has not taken yet any corrective steps to comply with this direction. Therefore, the management of the school is once again directed to initiate corrective steps and control over the same.

Particulars	As per Income and Expenditure Account for FY 2017-18	As per Income and Expenditure Account for FY 2018-19	As per Income and Expenditure Account for FY 2019-20	As per Income and Expenditure Account for FY 2020-21
Tuition Fee	11,76,09,964	11,78,43,752	11,34,18,152	10,96,79,825
Other Income	2,72,87,736	2,82,50,575	2,81,79,986	38,58,020
Total Income	14,48,97,700	14,60,94,327	14,15,98,138	11,35,37,845
Establishment Expenditure	6,76,43,511	6,95,32,589	7,82,83,318	7,05,10,850
Other Expenditure	8,67,36,720	9,95,07,866	7,74,27,748	3,68,91,286
Less: Depreciation	63,05,768	1,46,23,058	1,25,30,524	93,23,337
Net Expenditure	14,80,74,463	15,44,17,397	14,31,80,542	9,80,78,799
% of Establishment Expenditure as compared to Tuition Fee	58%	59%	69%	64%
% of Establishment Expenditure as compared to Net Expenditure (excluding depreciation)	46%	45%	55%	72%
% of Establishment Expenditure as compared to Net Expenditure (excluding interest and depreciation)	54%	55%	55%	72%

Further, on review of other expenditure it has been noted that the following expenditures of the school appear to be excessive. Hence, the school management is directed to look into the significance of these expenditure and exercise due control over it. The summary of the major expenditure incurred by the school during FY 2017-18 to 2021-22 are as under:

Particulars	FY 2017-18	FY 2018-19	as a % of total expenditure net of depreciation		as a % of other expenditure net of depreciation	
			FY 2017-18	FY 2018-19	FY 2017-18	FY 2018-19
Function Expenses	56,14,637	58,21,296	4%	4%	7%	7%
Educational Expenses	59,93,630	69,18,262	4%	4%	7%	8%
Examination Expenses	32,70,866	35,81,428	2%	2%	4%	4%
Staff Welfare	37,09,417	47,89,395	3%	3%	5%	6%
Student Welfare	94,41,111	91,71,731	6%	6%	12%	11%
Advertisement Expenses	60,80,855	67,78,617	4%	4%	8%	8%
Printing & Stationery	55,19,226	60,43,306	4%	4%	7%	7%
Building Repair	1,60,77,332	1,46,42,953	11%	9%	20%	17%

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	as a % of total expenditure net of depreciation			as a % of other expenditure net of depreciation		
				FY 2019-20	FY 2020-21	FY 2021-22	FY 2019-20	FY 2020-21	FY 2021-22
Function Expenses	57,22,896	-	-	4%	0%	0%	7%	0%	0%
Educational Expenses	76,06,769	78,57,564	82,45,664	5%	7%	5%	10%	11%	15%
Examination Expenses	36,49,642	41,26,404	40,33,412	3%	4%	3%	5%	6%	7%
Staff Welfare	42,57,502	42,58,620	54,73,300	3%	4%	4%	5%	6%	10%
Student Welfare	96,17,299	92,89,485	98,99,600	7%	9%	7%	12%	13%	18%
Advertisement Expenses	66,31,901	40,800	51,000	5%	0%	0%	9%	0%	0%
Printing & Stationery	52,89,567	18,037	94,252	4%	0%	0%	7%	0%	0%
Building Repair	1,42,43,669	58,17,980	53,30,504	10%	5%	4%	18%	8%	10%

5. The Directorate's Order No. F.DE. 15/(556)/PSB/2022/3232-3236 dated 19.05.2022 issued for FY 2019-20, noted that the school has not submitted fixed asset register (FAR). The school should prepare a FAR, which should include details such as asset description, purchase date, supplier name, invoice number, manufacturer's serial number, location, purchase cost, other costs incurred, depreciation, asset identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place.

The school in its compliance report has mentioned that "the preparation of FAR is lengthy process and the school is under process to prepare the same". This submission of the school has been taken on record. Hence, the school is directed to comply with the directions given by updating the FAR with relevant details mentioned above in accordance with the process for periodic physical verification of assets and document the results of physical verification of assets. The same shall be verified at the time of evaluation of fee hike proposal for subsequent year.

6. The Directorate's Order No. F.DE. 15/(587)/PSB/2018/30030-35 dated 30.11.2018 issued for FY 2017-18 noted that the school had not shown the staff salary and benefits separately in the income and expenditure account for teaching and non-teaching staff. Also, on examination of the financial statements for FY 2019-20 to 2021-22, similar observation is again noted. It is clear that the school has not prepared financial statements as per the requirement of Appendix-II of Order No. F.DE. 15/ACT-I/WPC-4019/part/13/7905-7913 dated 16.04.2016. Therefore, the school is directed to disclose staff salary and benefits separately for teaching and non-teaching staff.

7. 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."

Further, Clause 3 and 4 of Order no. DE/15/150/Act/2010/4854-69 dated 09.09.2010 states "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 considered while projecting fee structure for ensuing Academic year."

On review of audited Financial Statements of the school for FY 2019-20 to 2021-22, it has been noted that the school is refunding the caution money to the student at the time of his/ her leaving without interest thereon and the school has not reflected un-refunded caution money belonging to ex- students as income in the next financial year after the expiry of thirty days from the date of communication with the students to collect their caution money and has not taken this into account while projecting fee structure for ensuring academic year. Similar observation was also noted in Directorate's Order No. F.DE. 15/(556)/PSB/2022/3232-3236 dated 19.05.2022 issued for FY 2019-20. However, the school has not complied with the above direction. The school is instructed to follow Directorate's directions in this regard within 30 days from the date of issue of the order.

8. As per Section 18(5) of the DSEA, 1973, the management 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.

Further, Rule 180 of DSER, 1973 states " (1) every unaided recognised private schools shall submit the returns and documents in accordance with Appendix-1, (2) Every return or documents referred to in sub-rule (1), shall be submitted to the Director by the 31 July of each year.(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 any officers authorised by the Comptroller and Auditor General of India”

And Section 24(2) of DSA, 1973 states “The Director may arrange special inspection of any school on such aspects of its working as may, from time to time, be considered necessary by him”.

Whereas Appendix-II to Rule 180 specify that “final accounts i.e., receipts, and payment account, income and expenditure and balance sheet of the preceding year should be duly audited by Chartered Accountant.

And it has been noticed that Financial Documents/ Certificates Attested by third persons misrepresenting themselves as CA Members are misleading the Authorities and Stakeholders. ICAI is also receiving several complaints of signatures of CAs being forged by non-CAs.

To curb such malpractices, the Professional Development Committee of ICAI has come out with an innovative concept of UDIN i.e. Unique Document Identification Number which is being implemented in a phased manner. It will secure the certificates attested/certified by practicing CAs. This will also enable the Regulators/Banks/Third parties to check the authenticity of the documents.

Accordingly, the Council in the 379th meeting of ICAI held on 17.12.18 and 18.12.2018, made it mandatory for all practicing members to obtain 18 digits UDIN before issuing any audits reports/ certification, etc. in the following manner:

- All Certification done by Practising CAs w.e.f. 01.02.2019.
- All GST & Tax Audit Reports w.e.f. 01.04.2019.
- All other attest functions w.e.f. 01.07.2019.

The Directorate in its Order No. F.DE. 15/(556)/PSB/2022/3232-3236 dated 19.05.2022 issued for FY 2019-20, instructed the school to ensure the compliance of mentioning UDIN by the Chartered Accountants. The school has submitted that it has already started the compliance of the above directions and UDIN has been duly stated in the financial statements submitted by the school for FY 2019-20 to 2021-22 by the auditor of the school. The submission of the school is taken on record and considered.

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

- The total funds available for the FY 2022-23 amounting to INR18,55,94,088 out of which cash outflow in the FY 2022-23 is estimated to be INR 19,15,02,251. This results in deficit of INR59,08,163 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	2,41,32,190
Investments as on 31.03.22 as per Audited Financial Statements	2,00,36,544
Liquid Funds as on 31.03.2022	4,41,68,734
Add: Recovery from the society against purchase of vehicle during FY 2019-20 (Refer Financial Suggestion No. 3)	18,74,055
Add: Recovery from the society against allowances paid to related persons during FY 2019-20 to 2021-22 (Refer Financial Suggestion No. 4)	1,06,92,000
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	13,69,85,531
Add: Other Income for FY 2021-22 as per Audited Financial Statements	8,87,912

Particulars	Amount (in INR)
(Refer Note 2 Below)	
Add: Additional Income of Annual Charges and Development Fund (Refer Note 4 Below)	1,64,97,094
Add: Additional Fees due to increase in fee @10% from 01.07.2022 (Refer Note 5 Below)	82,48,547
Less: Arrears of Annual Charges and Development Charges of FY 2020-21 collected in FY 2021-22 (Refer Note 3 Below)	2,33,76,847
Total Available Funds for FY 2022-23	19,59,77,027
Less: FDR in the joint name of Dy Director Education and Manager of the school as on 31.03.2022 (Refer Note 1 Below)	16,55,439
Less: Investment made with LIC against provision made for retirement benefits. (Refer Financial Suggestion No. 2)	70,00,000
Less: Caution Money (Refer Other Suggestion No. 7)	17,27,500
Net Available Funds for FY 2022-23 (A)	18,55,94,088
Less: Budgeted expenses for the session 2022-23 (Refer Note 6)	19,15,02,251
Total Estimated Expenditure for FY 2022-23 (B)	19,15,02,251
Net Deficit (A-B)	59,08,163

Note 1: The detail of fixed deposit held by the school as per the audited financial statements for the FY 2021-22 is provided below:

Particulars	Amount (in INR)	Remarks
FDR in the joint name of Dy Director Education and Manager of the school	16,55,439	Deducted while calculating available funds of the school.
Total	16,55,439	

Note 2: All the fee and other income as per audited financial statements of main school and nursery school for the 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 3: The Arrears of Annual Charges and Development Charges of FY 2020-21 collected in FY 2021-22 as per the school's submission are as under:

Fee heads	Arrears of FY 2020-21 collected in FY 2021-22
Tuition Fee	20,76,174
Annual Charges	97,60,540
Development Fee	1,15,40,133
Total	2,33,76,847

Note 4: 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 installments w.e.f. 10.06.2021.

From review of the audited financial statements for the FY 2021-22 and based on the further information provided by the school post personal hearing, it has been noted that the school has reported 85% of the tuition fees, annual charges and development fees in its audited financial statements of FY 2021-22. 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 to make comparative income with the FY 2022-23. The detailed calculation has been provided below:

Particulars	Income as per Audited Income & Expenditure Account for the FY 2021-22	Income Considered while deriving the fund position for the FY 2022-23	Remarks
Tuition fee	7,21,53,879	8,48,86,916	As per the details provided by the school, Tuition Fee, Annual Charges and Development Charges collected in FY 2021-22 and thus, difference amount of INR 1,64,97,094 has been considered.
Annual Charges	98,00,715	1,15,30,253	
Development Charges	1,15,28,941	1,35,63,460	
Total	9,34,83,535	10,99,80,629	

Note 5: The school was allowed to increase fee 10% vide Order No. F.DE. 15/(556)/PSB/2022/3232-3236 dated 19.05.2022 issued for FY 2019-20 from 1st July, 2022. The school has submitted that it has increased the fee @10% from 1st July 2022. Accordingly, additional income on account of fee increase will also accrue to the school in FY 2022-23 and thus, following amount has been considered as funds available with the school:

Fee heads	Actual receipt in FY 2021-22	Grossed Up	Total Estimated Fee	Increased fee (with fee increase @10% for 9 months)
Tuition fees	7,21,53,879	1,27,33,037	8,48,86,916	9,12,53,435
Annual Charges	98,00,715	17,29,538	1,15,30,253	1,23,95,022
Development Fee	1,15,28,941	20,34,519	1,35,63,460	1,45,80,720
Total	9,34,83,535	1,64,97,094	10,99,80,629	11,82,29,177
Impact of fee increase				82,48,547

Note 6: All budgeted expenditure proposed by the school amounting to INR 27,82,15,314 has been considered while deriving the fund position of the school except the following:

Head of Expenditure	2022-23 (in INR)	Amount disallowed (in INR)	Remarks
Gratuity	2,80,00,000	2,80,00,000	Refer Financial Suggestion No. 2
Leave Encashment	1,50,00,000	1,50,00,000	
Salary provision (1 month)	70,51,400	70,51,400	The school has not made investment against salary provision, hence the amount proposed has not been considered
Publicity and promotion	72,95,100	72,95,100	The school has proposed new heads of expenditure in its budget which are on higher side hence these are not considered
Printing & Stationery Expenses	63,47,500	60,70,854	Restricted to 110% of the expenditure incurred in FY 2021-22
Building Repair & Maintenance exp.	1,56,68,000	87,18,464	
EWS exp-cost of books & uniform	5,08,564	5,08,564	Neither Income nor expense has been considered in the evaluation of fee increase proposal.
Smart class Fee	31,91,000	31,91,000	
SMS & Web service	33,59,700	33,59,700	
Transport expenses	40,98,700	40,98,700	
Capital Expenditure	1,80,00,000	34,19,281	Restricted to development fee expected to be received in FY 2022-23
Total	10,85,19,964	8,67,13,063	

Note 7: 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.

As per school's reply during hearing, it was held that the school has implemented 7th CPC recommendations w.e.f. 01.04.2023. Also, salary arrears for the period 01.04.2019 to 31.03.2022 proposed in the budget for FY 2022-23 amounting to INR 2,65,70,000 has been considered while evaluating the funds availability position of the school.

- ii. In view of the above examination, it is evident that the school does not haveadequate funds for meeting all the operational expenditure for the academic session 2022-23. 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 provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, the proposal of the school for the session 2022-23 have been evaluated and certain financial suggestions have been identified (appropriate financial impact has been taken on the fund position of the school) and certain procedural suggestions which were also noted (appropriate instruction against which have been given in the order) that the sufficient funds are not available with the school to carry out its operations for the academic session 2022-23.

AND WHEREAS, it is noticed that the school has incurred INR 1,25,66,055 in contravention of Rule 177 and other provisions of DSEA&R, 1973 and other orders issued by the departments from time to time. Therefore, the school is directed to recover the aforesaid amount from society/ management. The receipts along with copy of bank statements showing receipt of the above-mentioned amount should be submitted with DoE, in compliance of the same, within 30 days from the date of issue of the order. Non-compliance with this direction shall be viewed seriously as per the provision of DSEA&R, 1973 without providing any further opportunity of being heard.

AND WHEREAS, considering the financial situation and existing deficiencies and keeping in view that salary and other employee's benefits can be paid to the teachers and staff smoothly, the fee hike is allowed to the school with the suggestions for improvement. Further, school is hereby directed that the additional income received on account of increase fee should be utilized at first instance only for payment of salary and salary arrears and submit the compliance report within 30 days from the date of issue of the order.

AND WHEREAS, it is relevant to mention charging of any arrears on account of fee for several months from the parents is not advisable, not only because of the 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 (JADSC) during the implementation of the 6th CPC.

AND WHEREAS, the fee proposal of the school 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 sufficient funds are not available with the school for meeting financial implication for the academic session 2022-23. 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 5% to be effective from 01 April 2023.

AND WHEREAS, the act of the school of charging unwarranted free 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.

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

Accordingly, it is hereby conveyed that the proposal for fee hike of **Greenway Modern Sr Sec School, Between Pockets A&B, Dilshad Garden, Delhi – 110032 (School Id: 1106222)** filed by the school in response to the Order No. F.DE.-15(40)/PSB/2019/4440-4412 dated 08.06.2022 for the academic session 2022-23, is accepted by the Director (Education) with the above conclusion and suggestions and the school is allowed to increase the fee by 5% for session 2022-23 to be effective from 01.04.2023.

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

1. To increase the fee by 5% from the specified date i.e. 01.04.2023.
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 the 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.



(Jai Parkash)

**Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi**

**To
The Manager/ HoS
Greenway Modern Sr Sec School,
Between Pockets A&B, Dilshad Garden,
Delhi – 110032 (School Id: 1106222)**

No. F.DE.15 (1525)/PSB/2023 / 7407 - 7411

Dated: 21/08/23

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 (North 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.



(Jai Parkash)

**Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi**