

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

No. F.DE.15 (1592)/PSB/2023/ 8892-8896

Dated: 18/10/23

Order

WHEREAS, **Maharaja Agarsain Public School, Phase-IV, Ashok Vihar, New Delhi-110052 (School ID: 1411182)**, (hereinafter referred to as "**the School**"), run by the Agarwal Welfare Society Ashok Vihar (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.

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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 20 March 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/(686)/PSB/2022/4070-4074 dated 03.06.2022 issued for FY 2018-19 and Order No. F.DE.15/(687)/PSB/2022/4080-4084 dated 03.06.2022 issued for FY 2019-20 were 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. 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, upgradation 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."*

In Directorate's order no F.DE.15(15) PSB/2019/1478-1482 dated 07.02.2019 issued for the academic year 2017-18, Order No. F.DE. 15/(686)/PSB/2022/4070-4074 dated 03.06.2022 issued for FY 2018-19 and Order No. F.DE.15/ (687)/PSB/2022/4080-4084 dated 03.06.2022 issued for FY 2019-20, the school was directed to ensure compliance with clause 14 of the order dated 11.02.2009 and utilised the development fund/fee only for purchase of furniture, fixture and equipment. In the above-mentioned order the school was also directed to recover INR 1,65,10,529 (1,22,45,416 + 42,65,113) on account of amount utilised on upgradation of building.

On review of compliance report, school submitted that the school has recovered the amount of INR 1,65,10,529 on 30.07.2022. However, the school has not furnished the copy of the ledger of the society and copy of the bank statements showing receipt from the society. Therefore, as the amount is recovered after 31.03.2022 the same has been added while deriving fund position of the school and the school is directed to submit the copy of bank statements showing receipt from the society.

The school is further, directed to ensure the compliance of clause 14 of the order dated 11.02.2009, if the school wish to collect development fee in future. Non-compliance with the aforesaid direction, a strict action against the school shall be taken in accordance section 24(3) & (4) of the DSEA, 1973.



2. 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:
- Assets held by a long-term employee benefit fund; and
 - 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 recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.*"

The audited Financial Statements of FY 2021-22 revealed total liability of INR 8,20,15,237 for gratuity and INR 2,08,68,827 for leave encashment. Further, from the documents submitted by the school post personal hearing, it was noted that the school has deposited INR 4,34,91,646 towards gratuity and INR 1,11,22,578 leave encashment as earmarked investment with LIC that qualify as plan assets within meaning of AS-15 issued by ICAI. Therefore, the INR 5,46,14,224 invested by the school in plan assets have been considered while deriving the fund position of the school.

The school is directed to ensure to maintain investments in plan assets against the liability determined by the actuary for gratuity and leave encashment in compliance of AS-15 'Employee Benefits' issued by the Institute of Chartered Accountants of India within 30 days from the date of issue of the order.

3. The Directorate of Education, in its Order No. DE.15/Act/Duggal.Com/ 203/99/23033-23980 dated 15 Dec 1999, indicated the heads of fee/ fund that recognised private unaided school can collect from the students/ parents, which include:

- 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 the order"

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

As per Section 13 of Right to Education Act, 2009, the school should not charge capitation fee from the students at the time of admission contravention of which shall be punishable with fine which may extend to ten times of the capitation fee charged. Further, the Supreme Court in its Judgement dated 02.05.2016 in the matter of Modern Dental College and Research Centre Vs. State of Madhya Pradesh [Medical Council of India] held that education is a noble profession. *"Every demand of capitation fee by educational institutions is unethical & illegal. It emphasised that the commercialization and exploitation is not permissible in the education sector and institutions must run on 'no-profit-no-loss' basis"*.

Hon'ble Supreme Court categorically held that "Though education is now treated as an 'occupation' and, thus, has become a fundamental right guaranteed under Article 19(1) (g) of the Constitution, at the same time shackles are put in so far as this particular occupation is concerned, which is termed as noble. Therefore, profiteering and commercialization are not permitted, and no capitation fee can be charged. The admission of students has to be on merit and not at the whims and fancies of the educational institutions,"

However, it has been observed that the school has been collecting one-time charges in the name of "Orientation Charges" the time of admission of INR 5,000 from all new admissions, which tantamount as collection of capitation fee from the students at the time admission. The charging of unwarranted fee or charging of any other amount/fee thereof prima-facie is considered as collection of capitation fee in other manner and form. Similar observation noted in also Order No. F.DE.15/(686)/PSB/2022/4070-4074 dated 03.06.2022 issued for FY 2018-19 and Order No. F.DE.15/(687)/PSB/2022/4080-4084 dated 03.06.2022 issued for FY 2019-20.

In compliance report, the school explained that this fee has been collected for meeting expenditure incurred towards various activities done for students. This contention of the school cannot be accepted as the school is separately charging other heads of earmarked levies such as 'Activity fee'. Therefore, the reason for collecting one-time charges at the time of admission from the students is not justified. Accordingly, the school is required to stop this type of collection from the students immediately and submit the compliance to the department within 30 days from the date of issue of the order.

4. 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."*

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In Directorate's Order No. F.DE. 15/(686)/PSB/2022/4070-4074 dated 03.06.2022 issued for FY 2018-19 and Order No. F.DE.15/ (687)/PSB/2022/4080-4084 dated 03.06.2022 issued for FY 2019-20, the school was directed to comply with the above-mentioned provisions with respect to caution money collected from the student.

On review of the financial statements, it has been noted that the school has stopped collection of caution money from the students and at the time of leaving of school it has been refunded to the students. However, there is balance amount refundable of caution money. The school is hereby directed to treat the balance amount of caution money as income in compliance of aforesaid provisions. The amount refundable of INR 2,94,800 as on 31.03.2022 as reported in the audited Financial Statements has been considered while deriving the fund position of the school.

5. Directorate's order no F.DE.15(15) PSB/2019/1478-1482 dated 07.02.2019 issued post evaluation of the proposal for enhancement of fee for the academic year 2017-18 read with Directorate's Order No. F.DE. 15/(686)/PSB/2022/4070-4074 dated 03.06.2022 issued for FY 2018-19 and Order No. F.DE.15/ (687)/PSB/2022/4080-4084 dated 03.06.2022 issued for FY 2019-20 the school was directed to refund the increased fee of INR 24,39,005 collected without obtaining the prior approval from the Directorate of Education. On review of the audited financial statements, it was noted that the school presented this amount as liability in its audited financial statements for FY 2018-19. Accordingly, INR 24,39,005 collected by the school without obtaining prior approval has been considered while deriving the fund position of the school with the direction to the school either to refund or adjust this amount against future dues of the students. During the personal hearing school was asked to submit the details whether the school has been collecting the increased fee in FY 2018-19 or not. But the school did not submit these details to the department. In the absence of complete information, actual amount collected by the school on account of increased fee for FY 2018-19 could not ascertained. Accordingly, no impact has been given while calculating the fund position of the school.

B. Other Suggestions for Improvement

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."*

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

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



Also, 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).

The information provided by the school were taken on record, it has been noted that the school charges earmarked levies in the form of Activity Fees, Science Fees and Orientation Fees from students. However, the school has not maintained separate fund accounts for the above-mentioned earmarked levies and the school was directed by this directorate through its order no F.DE.15(15) PSB/2019/1478-1482 dated 07.02.2019 issued for academic session 2017-18, Order No. F.DE.15/(686)/PSB/2022/4070-4074 dated 03.06.2022 issued for FY 2018-19 and Order No. F.DE.15/(687)/PSB/2022/4080-4084 dated 03.06.2022 issued for FY 2019-20 to maintain separate fund account depicting clearly the amount collected amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus/deficit, if any, generated from earmarked levies has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year. The details of calculation of surplus/deficit, based on financial statements is given below:

Particulars	Activity Fee	Science Fee	Orientation charges
For the year 2019-20			
Fee Collected during the year (A)	13,605,195	2,023,820	695,000
Expenses during the year (B)	3,264,631	54,937	-
Difference for the year (A-B)	10,340,564	1,968,883	695,000
For the year 2020-21			
Fee Collected during the year (A)	-	-	-
Expenses during the year (B)	863,134	12,090	-
Difference for the year (A-B)	-863,134	-12,090	-
For the year 2021-22			
Fee Collected during the year (A)	-	-	-
Expenses during the year (B)	716,572	9,739	-
Difference for the year (A-B)	-716,572	-9,739	-

Based on the above provisions, the earmarked levies are to be collected only from the user students availing the service/facility. In other words, if any service/facility has been extended to all the students at the school, a separate charge should not be levied for the service/facility as the same would get covered either under tuition fee (expenses on curricular activities) or annual charges

(expenses other than those covered under tuition fee). 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. The school is charging Activity Fee from the students of all classes. Thus, the fee charged from all students loses its character of earmarked levy, being a non-user-based fees. Thus, the school should not charge "Activity Fee" as earmarked fee. The expenses relating to these services / facilities shall be incurred from tuition fee and annual charges, as the case maybe.

Thus, the school is again directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus/deficit, if any, generated from earmarked levies 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. Para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states *"Where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure, the relevant asset account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year."* 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."*

In Directorate's Order No. F.DE. 15/(686)/PSB/2022/4070-4074 dated 03.06.2022 issued for FY 2018-19 and Order No. F.DE.15/ (687)/PSB/2022/4080-4084 dated 03.06.2022 issued for FY 2019-20, school was directed to make necessary adjustments in development utilisation and general reserve as outlined in para 99 of Guidance note – 21 on 'Accounting by schools' issued by the Institute of Chartered Accountants of India (ICAI).

The school has submitted that it has started the compliance of para 99 of the GN-21 on 'Accounting by schools' issued by the Institute of Chartered Accountants of India (ICAI) and on review of the audited financial statements for FY 2019-20 to FY 2021-22, the submission of the school found to be correct. However, the school is advised to make appropriate disclosure in the Notes to accounts showing the changes made in the accounting treatment and the previous years' impact, if any. The submission of the school is taken on record and considered.

3. As per Order No. F.DE-15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16.04.2016 "The Director hereby specify that the format of return and documents to be submitted by schools under rule 180 read with Appendix-II of the Delhi School Education Rules, 1973 shall be as per format specified by the Institute of Chartered Accountants of India, established under Chartered Accountants Act, 1949 (38 of 1949) in Guidance Note 21 on Accounting by Schools (2005) or as amended from time to time by this Institute."

Further, Para 58(i) of the Guidance Note states "A school should charge depreciation according to the written down value method at rates recommended in Appendix I to the Guidance Note."

In Directorate's Order No. F.DE. 15/(686)/PSB/2022/4070-4074 dated 03.06.2022 issued for FY 2018-19 and Order No. F.DE.15/ (687)/PSB/2022/4080-4084 dated 03.06.2022 issued for FY 2019-20, it had been noted that the depreciation on fixed assets have been provided on written down value method at the rates prescribed in the Income Tax Rules, 1962. Therefore, the school was directed to provide depreciation on assets in accordance with the guidance note cited above.

On review of audited Financial Statements for the FY 2021-22, it has been noted that the depreciation on fixed assets have been provided on written down value method at the rates prescribed in the Income Tax Rules, 1962. Therefore, the school is again directed to provide depreciation on assets in accordance with the guidance note cited above.

As per para 67 of the Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, "*The financial statements should disclose, inter alia, the historical cost of fixed assets*". While on review of Financial Statements, it has been noticed that the fixed assets purchased out of general fund are shown at written down value and the fixed assets purchased out of development fund are shown at gross block which is not consistent with the Guidance Note. The school has submitted that it shall follow the directions of the department and present the financial statements accordingly from FY 2022-23.

Thus, the school is hereby directed to comply with the requirements of Guidance Note issued by ICAI and ensure the compliance.

4. As per the condition of Land allotment letter, the School shall not increase the rate of any fee without prior sanction of the Directorate of Education and shall follow the provisions of Delhi Education Act/ Rules, 1973 and other instruction issued from time to time. Accordingly, the Directorate of Education sought online proposals from the Schools which was allotted land by Land owning agencies having condition of obtaining prior approval from the Directorate of Education vide Order No. F. DE-15/ACT-I/WPC-5256/16/9352/-9359 dated 16.04.2016. However, on review of the fee receipts provided by the school it has been observed that the school had increased the Tuition Fee by 19% in FY 2019-20 without obtaining prior approval from the Directorate of Education.

In its submission, the school stated that it shall not increase the tuition fee without prior approval of the department.

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. The school is not complying with the DOE Order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 as well as condition specified in the land allotment letter which require to provide 25% reservation for children belonging to EWS category. Since, the school is not complying with the aforesaid order, the concerned DDE are required to look into the matter. The admission allowed under EWS/ Free ship during the FY 2019-20, FY 2020-21 and FY 2021-22 are as under:

Particulars	FY 2019-2020	FY 2020-21	FY 2021-22
Total Strength	2,484	2,545	2,542
EWS	473	505	540
% EWS to the total number of students	19.04%	19.84%	21.24%

6. 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 31st day of 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 payments account, income and expenditure account and balance sheet of the preceding year should be duly audited by Chartered Accountant.

It has been noticed that Financial Documents/ Certificates Attested by third person misrepresenting themselves as CA Members are misleading the Authorities and Stakeholders. ICAI is also receiving number of 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 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 17.12.2018 and 18.12.2018, made mandatory for all practicing member 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.

In compliance report, the school submitted that the auditor of the school has not generated the UDIN for FY 2018-19. Further, on review of the audited financial statements of the school for FY 2019-20 to 2021-22, UDIN has been mentioned by the Chartered Accountants.

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 Academic session 2022-23 amounting to INR **14,99,42,389** out of which cash outflow is estimated to be INR **10,93,08,490**. This results in estimated surplus of INR **4,06,33,899**. The details are as follows:

Particulars	Amount (in INR)
Cash and Bank balances as on 31.03.22 as per Audited Financial Statements	1,57,13,233
Investments as on 31.03.22 as per Audited Financial Statements	8,51,76,484
Liquid Funds as on 31.03.2022	10,08,89,717
<u>Add:</u> Renovation of building neither reported in income & expenditure account nor as capital expenditure in the balance sheet (Refer Financial Suggestion No. 1)	1,65,10,529
<u>Add:</u> Fees for FY 2021-22 as per Audited Financial Statements (refer note 2 below)	10,32,18,746
<u>Add:</u> Other Income for FY 2021-22 as per Audited Financial Statements (refer note 2 below)	59,60,301
<u>Add:</u> Additional Income of Annual Charges and Development Fund (refer note 3 below)	28,50,623
<u>Add:</u> Additional Fees due to increase in fee @10% from 01.07.2022 (refer note 4 below)	79,49,932
<u>Less:</u> Arrears of Annual Charges and Development Charges of FY 2020-21 collected in FY 2021-22	-
Total Available Funds for FY 2022-23	23,73,79,848
Less: FDR with joint name of school Manager and CBSE as on 31.03.2022 (refer note 1 below)	11,38,283
Less: FDR with joint name of school Manager and DOE as on 31.03.2022 (refer note 1 below)	13,706
Less: FDR with joint name of school Manager and DOE against 3 months' salary reserve as on 31.03.2022 (refer note 1 below)	1,95,57,302

Particulars	Amount (in INR)
Less: Balance in bank account maintained for Development Fund as on 31.03.2022	1,18,19,144
Less: Caution Money (Refer Financial Suggestion No. 4)	2,94,800
Less: Plan Assets with LIC for Retirement benefits (Refer Financial Suggestion No.2)	5,46,14,224
Net Available Funds for FY 2022-23 (A)	14,99,42,389
Less: Budgeted expenses for the session 2022-23 (Refer Note 5 below)	10,93,08,490
Less: Salary Arrears of 7th CPC (refer note 6 below)	-
Total Estimated Expenditure for FY 2022-23 (B)	10,93,08,490
Net Surplus (A-B)	4,06,33,899

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	13,706	Deducted while calculating available funds of the school.
FDR in the joint name of Dy. Director Education and Manager of the school (against 3 months' salary reserve)	1,95,57,302	
FDR in the joint name of CBSE and Manager of the school	11,38,283	
Total	2,07,09,291	

Note 2: All the fee and other income as per audited financial statements 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 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.

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 100% of the tuition fees and 85% annual charges and development fees collected by the school in FY 2020-21 and 2021-22. Therefore, the income collected by the school during the FY 2021-22 with respect to annual charges and development fees have considered from the budget for 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	8,69,94,937	8,69,94,937	As per reconciliation provided by the school, Annual Charges and Development Charges collected in FY 2021-22 at the rate of 85% in compliance of the Directorate's order dated 01.07.2021 and thus, difference amount of INR 28,50,623 has been considered.
Annual Charges	80,82,160	95,08,424	
Development Charges	80,71,370	94,95,729	
Total	10,31,48,467	10,59,99,090	

Note 4: The school was allowed to increase fee 10% vide Order No. F.DE.15/ (687)/PSB/2022/4080-4084 dated 03.06.2022 issued for FY 2019-20, from 1st July, 2022. 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	8,69,94,937	-	8,69,94,937	9,35,19,557

Fee heads	Actual receipt in FY 2021-22	Grossed Up	Total Estimated Fee	Increased fee (with fee increase @10% for 9 months)
Annual Charges	80,82,160	14,26,264	95,08,424	1,02,21,555
Development Fee	80,71,370	14,24,359	94,95,729	1,02,07,909
Total	10,31,48,467	28,50,623	10,59,99,090	11,39,49,022
Impact of fee increase				79,49,932

Note 5: All budgeted expenditure proposed by the school amounting to INR 8,31,03,621 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
Salary Arrears (7th CPC)	1,24,35,600	1,24,35,600	Considered separately
Salary Provision	52,87,000	52,87,000	The school has not made earmarked investments, hence not considered
Electricity Expenses	10,50,000	4,56,493	Restricted to 110% of expenditure incurred in FY 2021-22.
Printing & Stationery Expenses	12,50,000	9,46,347	
Legal & Professional Expenses	3,00,000	2,54,020	
Building Repair & Maintenance	5,00,000	2,88,173	
Furniture Repair & Maintenance	1,00,000	94,500	
Other Repair & Maintenance	2,00,000	1,45,336	
Repayment of Loan	7,00,000	7,00,000	
Transport expenses	66,90,500	66,90,500	Neither Income nor expense has been considered while deriving the fund position of the school
Books, Stationary, Uniform (EWS Students)	3,50,000	3,50,000	
Activity & Sports Expenses	28,55,000	28,55,000	
Total	3,17,18,100	3,05,02,969	

Note 6: 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 not implemented 7th CPC recommendations. Further, salary arrears amounting to INR 3,94,90,806 has already been allowed in the Directorate's Order No. F.DE.15/ (687)/PSB/2022/4080-4084 dated 03.06.2022 issued for FY 2019-20. The school again has submitted the calculation of salary arrears of staff for the period 01.01.2016 to 31.03.2019 which has already been considered. There is no point to deduct the same from the fund availability calculation in this year 2022-23. The school is again directed to implement the recommendations of 7th CPC in full within 30 days from the date of issue of the order. A strict action against the school would be initiated u/s 24(3) of DSEA, 1973 for non-compliance with the direction cited above.

- ii. In view of the above examination, it is evident that the school have adequate 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 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 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 instructions against which have been given in the order).

AND WHEREAS, it is noticed that the school has incurred INR 1,65,10,529 in contravention of Rule 177 and other provisions of DSEAR, 1973 and other orders issued by the departments from time to time. The school submitted that it has already received the amount on 30.07.2022. The school is directed to submit the receipts along with copy of bank statements showing receipt of the above-mentioned

amount 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, 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 available with the school for meeting financial implication for the academic session 2022-23.

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

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 **Maharaja Agarsain Public School, Phase-IV, Ashok Vihar, New Delhi-110052 (School ID: 1411187)** 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 rejected by the Director (Education) with the above conclusion and suggestions.

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

1. Not to increase any fee/charges during FY 2022-23. In case, the school has already charged increased fee during FY 2022-23, the School should make necessary adjustments from future fee/refund the amount of excess fee collected, if any, as per the convenience of the parents.
2. To ensure payment of salary is made in accordance with the provision of Section 10(1) of the DSEA, 1973. Further, the scarcity of funds cannot be the reason for non-payment of salary and other benefits admissible to the teachers/ staffs in accordance with section 10 (1) of the DSEA, 1973. Therefore, the Society running the school must ensure payment to teachers/ staffs accordingly.
3. To utilize the fee collected from students in accordance with the provisions of Rule 177 of the DSER, 1973 and orders and directions issued by this Directorate from time to time.

Non-compliance of 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
Maharaja Agarsain Public School (School ID: 1411187)
Phase-IV, Ashok Vihar,
New Delhi-110052

No. F.DE.15 (1592)/PSB/2023 / 8892-8896

Dated: 18/10/23

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 West B - I) 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