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

No. F.DE.15 (1458)/PSB/2023/ 5836-5840 **Dated:** 27/06/23

Order

WHEREAS, **Apeejay School, Plot No. 10, Road No. 42, Sainik Vihar, Pitampura, Delhi - 110034 (School Id: 1411184)** (hereinafter referred to as **"the School"**), run by the **Apeejay Education 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, this 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 09th 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/ (314)/PSB/2021/5298-5301 dated 16.12.2021 issued for FY 2018-19 and Order No. F.DE. 15/ (313)/ PSB/2021/5294-5297 dated 16.12.2021 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. 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.

Further, Hon'ble High Court of Delhi in its judgement dated 30.10.1998 in the case of Delhi Abibhavak Mahasangh concluded that *"The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society."* Also, clause (vii) (c) of Order No. F.DE/15/Act/2K/243/ KKK/883-1982 dated 10.02.2005 issued by this Directorate states *"Capital expenditure cannot constitute a component of the financial fee structure."*

Accordingly, based on the above-mentioned provisions, the cost relating to land and building has to be met by the society being the property of the society and should be met out of the school funds.

On review of the ledger accounts and the supporting documents submitted by the school with respect to repair and maintenance expenses. it has been noted that the school incurred huge expenditures on repair and maintenance of Building and Garden & Ground. During FY 2019-20 to 2021-22, the school spent INR 1,01,57,157 on repairs and maintenance of Building and Garden & Ground.

Below are the details of the expenditure incurred by the school on repair and maintenance:

Particulars	FY 2019-20	FY 2020-21	FY 2021-22	Total
Building	19,66,467	59,51,495	14,15,026	93,32,988
Garden & Ground	19,721	7,81,977	22,471	8,24,169
Total	**19,86,188**	**67,33,472**	**14,37,497**	**1,01,57,157**

On further review of the ledger account of Repair and Maintenance of Building submitted by the school, it was noted that the school spent INR 12,23,226 towards civil work for auditorium which appears to be of capital nature while the school has reported the same as revenue expenditure in its income and expenditure account.

Similar observation was also noted in Order No. Order No. F.DE. 15/ (314)/PSB/2021/5298-5301 dated 16.12.2021 issued for FY 2018-19 and Order No. F.DE. 15/ (313)/ PSB/2021/5294-5297 dated 16.12.2021 issued for FY 2019-20, wherein it was noted that the school spent INR 86,60,319 for construction of Reception, civil work, flooring, roof, sand, concrete mixture etc which appeared to be of capital expenditure but the same was reported in the income and expenditure account. And the school was directed to distinguish between revenue and capital expenditure correctly.

Therefore, the school management is hereby directed to look into this aspect and report the revenue expenditure and capital expenditure in its financial statements after distinguishing it correctly and report the revenue expenditure and capital expenditure correctly in the financial statements.

2. Clause (vii)(c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10.02.2005 issued by this Directorate states *"Capital expenditure cannot constitute a component of the financial fee structure capital expenditure/investments have to come from savings."*

Further, as per Clause 2 of Public notice dated 04.05.1997, *"Schools are not allowed to charge building fund and development charges when the building is complete or otherwise as it is the* *responsibility of the society. Society means the trust or institution who has established the school, society should raise such fund from their own sources because the immovable property of the school become the sole property of the society. Therefore, the students should not be burdened by way of collecting the building fund or development charges".*

The Hon'ble High Court of Delhi in its Judgment dated 30.11.1998 in case of Delhi Abibhavak Mahasangh concluded that *"Tuition Fee cannot be fixed to recover capital expenditure to be incurred on the properties of the Society".* Also, clause (vii) of order No. F.DE/15/Act/2k/243/ KKK/883-1982 dated 10.02.2005 issued by this Directorate states *"Capital Expenditure cannot constitute a component of financial fee structure."*

Rule 177 of DSER, 1973 states *"income derived by an unaided recognised school by way of fees shall be utilised in the first instance, for meeting the pay, allowance and other benefits admissible to the employee of the school. Provided that savings, if any from the fees collected by such school may be utilised by its managing committee for meeting capital or contingent expenditure of the school or for one or more the specified education expenses after creation of 10% reserve".*

Clause 10 of Land allotment letter states *"society should complete the construction on the allotted land within two years from the date of the allotment'.* And Clause 13 states *"Society should complete the fencing & boundary of land allotted to school".*

Based on the aforementioned public notice and Hon'ble High Court judgement, the cost relating to land and building has to be met by the society, being the property of the society and school funds i.e., fee collected from students should not to be utilised for construction of building and purchase of land.

The Directorate's order No. F.DE-15(204)/PSB/2019/1130-1134 dated 25.03.2019 issued to the school post evaluation of fee increase proposal of the financial year 2017-18 and Order No. F.DE. 15/ (314)/PSB/2021/5298-5301 dated 16.12.2021 issued for FY 2018-19 and Order No. F.DE. 15/ (313)/ PSB/2021/5294-5297 dated 16.12.2021 issued for FY 2019-20, wherein the school was directed to recover INR 7,20,51,063 (INR 4,58,96,987 as directed in Order dated 25.03.2019 and INR 2,61,54,076 as directed in order dated 16.12.2021) from Society for interest paid on loan taken for purchase of Building because the aforesaid interest was paid out of the school funds.

In the order dated 25.03.2019, it was noted that School had purchased a building worth INR 21,20,50,100 in FY 2010-11 to run Apeejay Rhythem Kinderworld, at Greater Kailash. To purchase this building, the school had utilized its overdraft facilities, taken a new loan from Dena Bank and South Indian Bank, sale proceeds of land and investment of the school. In FY 2013-14, the school closed all the earlier loans and overdrafts by taking a fresh loan of INR 15,00,00,000 from Barclays Bank. Since then, the school has been paying only interest costs and has not paid anything towards the principal amount of loan. From the documents submitted by the school, it was noted that earlier the loan from Barclays Bank was in the name of the Society which subsequently been transferred in the name of the school on the request of the Society. As the school has not provided a copy of the loan agreement. Therefore, the terms and conditions with respect to this arrangement, especially the ones relating to primary security, repayment of principal amount, if any and the moratorium period could not be ascertained.

Further, in FY 2020-21, the school has taken a fresh loan of INR 8,00,00,000 from Barclays Bank however, it has not provided the copy of loan documents, sanction letters, utilisation thereof to the department. There was a temporary loan amounting INR 2,47,65,000 from Apeejay School – Noida was carrying in the school's financial statements from earlier years. During FY 2020-21, the outstanding balance of loan of INR 2,47,65,000 was repaid in full through this new loan from Barclays Bank. The school failed to explain the details of inter-school loan taken from the Noida branch, whether money was actually received or this balance of Noida branch was related to some adjustment entries between both the schools or the actual utilisation of such loan, if any. In the absence of such details, the possibility of utilising the loan for repayment of earlier loans and interest thereon. Thus, repayment of loan to Noida branch is not found justifiable. Further, in FY 2021-22, the school has again taken loan from Apeejay School Noida amounting to INR 1,16,51,000. On further review of the ledgers of school over three years, it is noted that funds are transferred to and received from Noida school and it appears that a web of the transactions have been created intentionally for diverting school funds or loan amounts to Noida school. In view of the above, school is directed to recover INR 1,31,14,000 (INR 2,47,65,000 minus INR 1,16,51,000) from the society within 30 days from the date of issue of this order.

The details of utilisation of remaining amount of new loan from Barclays Bank amounting INR 5,52,35,000 (INR 8,00,00,000 minus INR 2,47,65,000) are not shared. The school is directed to furnish the details of utilisation of this amount failing which it will be presumed that this amount has been diverted. These details will be verified at the time of evaluation of next fee proposal of the school.

Also, on review of audited financial statements for FY 2019-20 to FY 2021-22, it is noted that the school has paid INR 3,75,38,149 towards the interest on loan which is in contravention of provisions of DSEA&R, 1973 as stated above. Therefore, the school is directed to recover this amount from the society vis a vis the recoveries of interest as directed in the previous orders dated 25.03.2019 and 16.12.2021. Accordingly, INR 12,27,03,212 (INR 7,20,51,063 plus INR 3,75,38,149 plus INR 1,31,14,000) has been added to the fund availability position of the school with a direction to recover this amount from the society within 30 days from the date of issue of this order.

In addition to the above, on review of the audited financial statements from FY 2014-15 to 2021-22 (submitted for evaluation of fee increase proposal), it has been noted that the school has accumulated operational loss over the years and the reason for this accumulated operational loss was the utilization of school funds for payment of interest on the loan which was taken for the purchase of the building.

Particulars	**Amount (in INR)**
Accumulated Loss as per Audited FS as on 31.03.2022 (A)	32,17,32,323
Interest paid on Loan from FY 2010-11 to 2013-14 (calculated based on the interest paid in FY 2014-15)	6,60,94,504
Interest paid in FY 2014-15	1,65,23,626
Interest paid in FY 2015-16	1,49,60,572
Interest paid in FY 2016-17	1,44,12,789
Interest paid in FY 2017-18	1,33,84,690
Interest paid in FY 2018-19	1,27,69,386
Interest paid in FY 2019-20	1,30,24,290
Interest paid in FY 2020-21	1,03,51,723
Interest paid in FY 2021-22	1,41,62,136
FDR Liquidated	3,45,34,140
Depreciation on Building	18,99,85,381
Total (B)	40,02,03,237
Calculated Surplus (B-A)	**7,84,70,914**

From the above table, it is apparent that the school has utilized its funds to meet the obligation of the Society which is not in accordance with the above-mentioned provisions. If the school funds had not been used for the purchase of the building as mentioned above, there would be estimated net surplus of the school amounting to INR 7,84,70,914 against the reported loss of INR 32,17,32,323 as on 31.03.2022. Because, as per the aforesaid provisions the cost relating to the building should be borne by the society running the school and the school funds should not be utilized for the acquisition of land and building.

It is also apparent from the above, that firstly the school funds were used to purchase the building and thereafter school funds are being used for payment interest which translates to constituting capital expenditure as a component of the fee structure of the school.

In view of the above, the school is directed not to utilize school funds for repayment of loans taken for the purchase of building and payment of interest thereon. The school is further directed to make necessary rectifications in the general fund because interest expenses were routed through the income and expenditure account. Further, the amount of INR 1,73,82,785 proposed by the school for interest expenses in its budget for FY 2022-23 has not been considered while deriving the funds position of the school.

3. In the Directorate's Order No. F.DE. 15/ (314)/PSB/2021/ 5298-5301 dated 16.12.2021 issued for FY 2018-19 and Order No. F.DE. 15/ (313)/PSB/2021/ 5294-5297 dated 16.12.2021 issued for FY 2019-20, it was noted that the school incurred expenditure on purchase of premium mobile phones and laptops for INR 5,01,350 which appears to be of personal expenditure. The school has not submitted any response in the compliance report for this expenditure of capital nature.

During FY 2019-20 to 2021-22, the school has purchased 5 Mobile Phones and 120 Laptops and spent INR 39,27,599. It appears to be unreasonable and indicates that the school funds have been utilised in a haphazard manner without thinking of student interests as there was no mention of replacement or discarding of old mobiles and laptops. No financial impact is considered in the order. However, school is directed to furnish the detailed reason for such expenditure in the compliance report.

4. As per AS-15 'Employee Benefits' issued by ICAI. "An entity should determine the present value of defined benefit obligations and their fair value of any plan asset so that the amounts recognised in the financial statement do not differ materially from the amounts that would be determine at the balance sheet date".

Further, according to para 7.14 of the Accounting Standard 15 – 'Employee Benefits' issued by the Institute of Chartered Accountants of India, "Plan assets comprise:

a) assets held by a long-term employee benefit fund; and
b) qualifying insurance policies."

The Directorate in its Order No. F.DE. 15/(314)/PSB/2021/5298-5301 dated 16.12.2021 issued for FY 2018-19 and Order No. F.DE. 15/(313)/PSB/2021/5294-5297 dated 16.12.2021 issued for FY 2019-20, directed the school to make provision for gratuity and leave encashment in accordance with the actuarial valuation report and to make equivalent investments against plan assets in terms of AS-15 Employee Benefits issued by ICAI.

On review of the financial statements of the school for FY 2019-20 to 2021-22, the school has still not created provision for gratuity and leave encashment as per the actuarial valuation report despite giving direction in the previous order issued for FY 2018-19 and 2019-20. According to the actuarial valuation report, the Gratuity liability is INR 7,38,15,410 and Leave Encashment Liability is INR 1,61,13,539 as on 31.03.2022. Accordingly, the school is again directed to disclose its liabilities for retirement benefits (gratuity and leave encashment) according to the actuarial valuation report and to invest an amount equivalent to the liability of retirement benefit that qualify as 'Plan Assets' within 30 days from the date of this order.

Further, the LIC statement revealed that this investment was made in the name of The Trustees of Apeejay Education Society and not in the name of the school. The school is directed to get the name change on the LIC statement. Further, INR 4,85,49,172 was invested by the school with the LIC however, the same has not been reported in the audited financial statements.

5. In Directorate's Order No. F.DE. 15/(314)/PSB/2021/5298-5301 dated 16.12.2021 issued for FY 2018-19 and Order No. F.DE. 15/(313)/PSB/2021/5294-5297 dated 16.12.2021 issued for FY 2019-20, it was noted that for FY 2017-18 and 2018-19, the school has incurred expenditure on 'Other Activities'. In further analysis of ledger account and other supporting documents, it revealed that the school has paid INR 18,00,000 to Ms. Richa Khurana towards the 'Counselling Charges and the school also reimbursed INR 4,92,000 to her on account of rent. Additionally, the school has also paid INR 1,57,000 to Mr. Ashish Khurana for consultancy charges during the above period. But the school did not provide the contract copy for this consultancy arrangement made with Ms. Richa Khurana and Mr. Ashish Khurana. From the record submitted by the school, it appears that Ms. Richa Khurana and Mr. Ashish Khurana are close relatives however, the school has not provided any explanation on the same. Accordingly, it was made part of the calculation of the fund position of the school. However, the recovery is still pending. Therefore, the school is again directed to recover INR 24,49,000 from society/school management within 30 days from the date of issue of this order.

Further, on review of the documents submitted by the school for FY 2019-20 to 2021-22, counselling charges have been to Ms. Richa Khurana @ INR 75,000 per month and Rent @ INR 41,000 per month. Total amount of INR 41,76,000 has been paid to her in the last three years and thus, the same are also added to the fund availability position of the school. Thus, school is directed to recover INR 66,25,000 (INR 24,49,000 plus INR 41,76,000) from the society/school management within 30 days from the date of issue of this order.

Moreover, in the orders dated 16.12.2021 it is mentioned that the school incurred high expenditure toward security and housekeeping service. From the examination of the invoices, ledgers and other records that service providers namely M/s KLSK Management Services Private Limited and M/s BALK Management Services Private Limited were not giving the description of the services provider in the invoices indicate provision for services for the particular months without mentioning any details regarding the number of staff days, nature of staff, rate agency commission, and GST. Further, the school did not provide a copy of the agreement for these contractors. Further, from verification on the Ministry of the Corporate Affairs (MCA) website, it was noted that both the above company were found to have same registered office address and thus seems to be related to each other.

Also, the school entered into the agreement with M/s Baaz Detective and Security Services for a minimum of 45 support staff. And the school has continuously been utilizing the services from M/s Baaz Detective and Security Services and making payment to the agency on submission of the valid invoice and other details. Whereas the school does follow the same set of procedures while making payment to M/s KLSK Management Services and M/s Balk Management Services which gives the scope for doubt. Accordingly, the total payment of INR 30,34,200 (as per the below table) made by the school M/s KLSK Management Services Private Limited & M/s BALK Management Services Private Limited is questionable as the school failed to establish the authenticity of the payment made to these vendors. Therefore, the total payment of INR 30,34,200 made by the school to these vendors have been included while deriving the fund position of the school. The school is directed to recover the aforesaid amounts within 30 days from the date of issue of this order.

6. Rule 177 of DSER, 1973 states *"income derived by an unaided recognised school by way of fees* shall be utilised in the first instance, for meeting the pay, allowances and other benefits admissible to the employees of the school. Provided that savings, if any, from the fees collected by such school may be utilised by its management committee for meeting capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely:

(a) award of scholarships to students,
(b) establishment of any other recognised school, or
(c) 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"

In Directorate's Order No. F.DE. 15/ (314)/PSB/2021/ 5298-5301 dated 16.12.2021 issued for FY 2018-19 and Order No. F.DE. 15/ (313)/PSB/2021/ 5294-5297 dated 16.12.2021 issued for FY 2019-20, the school was directed to recover INR 13,41,200 against payment of scholarships to the students during FY 2016-17 to 2018-19. However, the recovery is still pending.

On review of audited financial statements for FY 2019-20 to 2021-22, the school has incurred INR 27,28,867 towards scholarship. The above payment of scholarship was not made in accordance with the requirement of Rule 177 of DSER, 1973.

Accordingly, the total amount paid by the school as a scholarship to students is recoverable from society. Therefore, INR 40,70,067 has been included while deriving the fund 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 this order.

Further, the school has proposed an amount of INR 14,42,629 for scholarships in the budget income and expenditure for FY 2022-23. In view of above provisions, this amount has not been considered while calculating the funds position of the school.

7. 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."*

In the Directorate's Order No. F.DE. 15/ (314)/PSB/2021/ 5298-5301 dated 16.12.2021 issued for FY 2018-19 and Order No. F.DE. 15/ (313)/PSB/2021/ 5294-5297 dated 16.12.2021 issued for FY 2019-20, wherein it was noted that there was difference of INR 9,69,35,876 (INR 11,42,54,235 - INR 1,73,18,359) between the closing balance of development fund and corresponding liquid assets available with the school as on 31.03.2019. From the detailed analysis of fund movement of the school from FY 2014-15 to 2018-19, it was assessed that school had diverted school funds to the tune of INR 2,04,56,073 because it is not traceable from the audited financial statements of the school. Accordingly, the school was directed to recover INR 2,04,56,073 from the society/ school management. However, this amount is still pending for recovery.

Further, the audited financial statement of FY 2021-22 revealed that the closing balance of development fund is INR 15,69,10,465 (i.e. opening balance of development fund plus amount received during the year minus amount utilized during the year) on the liability side of the balance sheet while the available balance of cash/bank and investment is INR 1,80,23,247 (INR 22,13,516 + INR 20,90,741 + INR 1,37,18,990) on the asset side of the balance sheet. This has resulted in a net difference of INR 13,88,87,218 (INR 15,69,10,465 – INR 1,80,23,247) between closing balance of development fund and corresponding liquid assets available with the school as on 31.03.2022. The school failed to provide any justification on the mismatch between the unutilised balance of development fund as shown in the liability side and the amount available in form of the cash/bank and investments. The school is directed to furnish a detailed working on these differences along with the reasons thereof. If there is no submission or incomplete submission, the difference will be treated as funds diverted from the school and the school will be required to recover the same from the society and the same shall be added as part of funds available with the school.

8. The audited financial statements of the school of FY 2021-22 revealed Building for INR 26,67,47,616 (gross block) on the assets side of the balance sheet while the corresponding capital contribution/ corpus funds from the society is not reflecting on the liability side of the balance sheet. Out of which building costing of INR 21,20,50,100 were purchased by utilising the school funds and loan amount as reported in point no. 1 above.

As per Clause 10 of Land allotment letter states *"society should complete the construction on the allotted land within two years from the date of the allotment"*. And Clause 13 states *"Society should complete the fencing & boundary of land allotted to school"*.

Based on the above, when the society transfers building to school accounts, the equivalent amount of capital contribution should also be reflected on the liability side of the balance sheet. So that the contribution made by the Society towards school building is established. Because the sources of Building worth INR 21,20,50,100 is already known (as reported in point no.1).

Similar observations were also noted in the Directorate's Order No. F.DE. 15/ (314)/PSB/2021/ 5298-5301 dated 16.12.2021 issued for FY 2018-19 and Order No. F.DE. 15/ (313)/PSB/2021/ 5294-5297 dated 16.12.2021 issued for FY 2019-20.

Therefore, the school is required to submit sources of funds which was used in construction of remaining school building worth INR 5,46,97,516 (INR 26,67,47,616 *minus* INR 21,20,50,100) along with the details of accounting entries passed in the books of accounts. In this regard, the concerned District Deputy Director is directed to take necessary steps in order to identify the actual sources of funds which were used for construction of the school building and submit its report to HQ. The finding this report will be utilised while evaluating the fee increase proposal of
the school for the subsequent year. In the absence of details information, no financial impact has been taken while deriving the fund position of the school. Further, the audited financial statements
revealed INR 2.59 Crores payable to Society as on 31.03.2022. Therefore, the school is directed to treat this amount of INR 2.59 Crores as capital contribution received from society until the final enquiry is concluded by the concerned district Deputy Director.

B. Other 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."*

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."*

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

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

From the presentation made in the audited financial statements of FY 2019-20 to 2021-22, it was noted that the school has not reported "Fund utilized against assets", which should be equal to the cost of assets purchased from the development fund minus depreciation charged during the year.

Further, the school has also not created the depreciation reserve account in accordance with clause 14 of the order dated 11.02.2009. Therefore, the school is hereby directed to follow clause 14 of the order dated 1102.2009 relating to collection and utilization of development fee and at the same time follow proper accounting treatment in accordance with para 99 of the guidance note.

Similar observations were also noted in the Directorate's Order No. F.DE. 15/ (314)/PSB/2021/ 5298-5301 dated 16.12.2021 issued for FY 2018-19 and Order No. F.DE. 15/ (313)/PSB/2021/ 5294-5297 dated 16.12.2021 issued for FY 2019-20.

On account of the above, Development Fund Balance reported in the audited financial statements of the school as on 31.03.2022 has not been considered while deriving the fund position of the school.

2. Clause 19 of Order No. F.DE./15(56)/Act/2009/778 dated 11.02.2009 states *"The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities."*

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."*

Para no. 22 of Order No. F.DE./15(56)/ Act/2009/778 dated 11.02.2009 states *"Earmarked levies will be calculated and collected on 'no-profit no loss' basis and spent only for the purpose for which they are being charged."*

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

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

Further, the aforementioned Guidance Note lays down the concept of fund based accounting for restricted funds, whereby upon incurrence of expenditure, the same is charged to the Income and Expenditure Account (Restricted Funds' column) and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account (Restricted Funds' column).

From the 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 fees, computer fee, science fees, activity fees etc. from students. However, the school has not maintained separate fund accounts for these earmarked levies and the school has been generating surplus from earmarked levies that has been utilised for meeting other expenses of the school or has been incurring losses (deficit), which has been met from other fees/income which was also mentioned in Directorate's Order no. F.DE-15(204)/PSB/2019/1130-1134 dated 25.03.2019, Order No. F.DE. 15/(314)/PSB/2021/ 5298-5301 dated 16.12.2021 issued for FY 2018-19 and Order No. F.DE. 15/(313)/PSB/2021/ 5294-5297 dated 16.12.2021 issued for FY 2019-20. Details of surplus/ deficit generated by the school is provided below:

Particulars	Activity Fees	Science Fee	Transportation charges	Computer Fee
For the year 2019-20				
Fee Collected during the year (A)	4,01,100	35,43,717	1,82,84,040	6,54,199
Expenses during the year (B)	36,40,882	72,512	1,51,61,852	29,73,550
Difference for the year (A-B)	**-32,39,782**	**34,71,205**	**31,22,188**	**-23,19,351**
For the year 2020-21				
Fee Collected during the year (A)	2,75,900	-	-	-
Expenses during the year (B)	7,76,682	1,705	3,85,917	59,41,004
Difference for the year (A-B)	**-5,00,782**	**-1,705**	**-3,85,917**	**-59,41,004**
For the year 2021-22				
Fee Collected during the year (A)	2,63,800	-	-	-
Expenses during the year (B)	5,65,737	3,782	7,81,687	1,22,73,181
Difference for the year (A-B)	**-3,01,937**	**-3,782**	**-7,81,687**	**-1,22,73,181**
Total	**-40,42,501**	**34,65,719**	**19,54,584**	**-2,05,33,536**

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.

Further, based on the fact that the fee head of 'activity fees' has not been defined for recognized private unaided school and the purposes for which the school has utilized the same is covered under 'Annual Charges' collected by the school from the students, therefore, the school is directed not to collect activity charges separately from students with immediate effect.

Further, the school is hereby directed to maintain a separate fund account depicting clearly the amount collected, amount utilized and balance amount for each earmarked levy collected from students and not to collect pupil funds from students with immediate effect.

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.

Similar observation was also noted in Directorate's Order No. F.DE. 15/ (314)/PSB/2021/ 5298-5301 dated 16.12.2021 issued for FY 2018-19 and Order No. F.DE. 15/ (313)/PSB/2021/ 5294-5297 dated 16.12.2021 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.

3. 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. Also, 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 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/ (314)/PSB/2021/ 5298-5301 dated 16.12.2021 issued for FY 2018-19 and Order No. F.DE. 15/ (313)/PSB/2021/ 5294-5297 dated 16.12.2021 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.

4. The school has prepared a Fixed Assets Register (FAR) that only captures asset name, date and amount. The school should also include details such as supplier name, invoice number, manufacturer's serial number, location, depreciation, asset identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place.

Similar observation was also noted in Directorate's Order No. F.DE. 15/ (314)/PSB/2021/ 5298-5301 dated 16.12.2021 issued for FY 2018-19 and Order No. F.DE. 15/ (313)/PSB/2021/ 5294-5297 dated 16.12.2021 issued for FY 2019-20. However, the school has not complied with the above direction. Therefore, the school is directed to update the FAR with relevant details mentioned above. The above being a procedural finding, no financial impact is warranted for deriving the fund position of the school.

5. 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/ (314)/PSB/2021/ 5298-5301 dated 16.12.2021 issued for FY 2018-19 and Order No. F.DE. 15/ (313)/PSB/2021/ 5294-5297 dated 16.12.2021 issued for FY 2019-20, instructed the school to ensure the compliance.

However, on examination of the financial statements submitted by the school for FY 2019-20 to 2021-22, it been has observed that the financial statements of the school were certified by the Chartered Accountant without mentioning the UDIN as required by the council. Further, the receipts and payment account was not prepared in comparative format. This being the procedural finding therefore, the school management is again instructed to ensure this compliance from the Auditor of the school.

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

i. The total funds available for the FY 2022-23 amounting to INR **33,05,98,433** out of which cash outflow in the FY 2022-23 is estimated to be INR **33,73,09,349.** This results in deficit of INR **67,10,916** 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	1,37,18,990
Investments as on 31.03.22 as per Audited Financial Statements	43,04,257
Investment with LIC against provision made for retirement benefits through society (Refer Financial Suggestion 4)	4,85,49,172
Liquid Funds as on 31.03.2022	6,65,72,419
Add: Recovery from society of interest paid on loan (Refer Financial Suggestion 2)	12,27,03,212
Add: Recovery from society towards unreasonable expenditures incurred by the school (Refer Financial Suggestion 5)	66,25,000
Add: Amount to be recovered from society/School management towards unreasonable Housekeeping expenditures incurred by the school (Refer Financial Suggestion 5)	30,34,200
Add: Recovery of Scholarships paid (Refer Financial Observation 6)	40,70,067
Add: Diversion of school Funds (Refer Financial Observation 7)	2,04,56,073
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	17,19,34,825
Add: Other Income for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	54,11,955
Add: Additional Income of Annual Charges and Development Fund (Refer Note 4 Below)	42,38,267
Less: Arrears of Annual Charges and Development Charges of FY 2020-21 collected in FY 2021-22 (Refer Note 3 Below)	2,16,46,099
Total Available Funds for FY 2022-23	**38,33,99,920**
Less: FDR in the name of Manager & DOE as on 31.03.2022 (Refer Note 1 Below)	20,90,741
Less: Investment with LIC against provision made for retirement benefit through society (Refer Financial Suggestion 4)	4,85,49,172
Less: Development Fund as on 31.03.2022 (Refer Other Observation 1)	-
Less: Caution Money as on 31.03.2022	21,61,574
Net Available Funds for FY 2022-23 (A)	**33,05,98,433**
Less: Budgeted expenses for the session 2022-23 (Refer Note 5 Below)	33,73,09,349
Total Estimated Expenditure for FY 2022-23 (B)	**33,73,09,349**
Net Deficit (A-B)	**67,10,916**

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 Manager and DoE	20,90,741	Deducted while calculating available funds of the school.
Total	**20,90,741**	

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 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
Annual Charges	82,89,648
Development Fee	1,33,56,451
Total	**2,16,46,099**

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 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 annual charges and development fees at 85% 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	12,17,71,984	12,17,71,984	As per the details 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 42,38,267 has been considered.
Annual Charges	1,01,47,993	1,17,67,992	
Development Charges	1,54,42,253	1,80,60,521	
Total	**14,73,62,230**	**15,16,00,497**	

Note 5: All budgeted expenditure proposed by the school amounting to INR 49,68,70,668 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 (01.01.2016 - 31.03.2020)	5,74,94,921	4,27,07,603	Salary arrears of INR 4,27,07,603 already allowed in the previous order dated 16.12.2021
Transportation Expenses	2,38,28,877	2,38,28,877	Neither Income nor expense has been considered on the assumption that earmarked levies are collected on no profit no loss basis
Activity Charges	41,87,015	41,87,015	
Promotional Expenses	16,50,000	15,46,831	Restricted to 110% of the expenditure incurred in FY 2021-22
Legal Expenses	18,53,730	14,29,130	
Scholarships	14,42,629	14,42,629	Refer Financial Observation 6
Consultation Expenses	26,70,314	26,70,314	Refer Financial Observation 5
Depreciation	1,63,48,773	1,63,48,773	Being non-cash expenditure, hence has not been considered.
Interest on Loan	1,73,82,785	1,73,82,785	Being this expenditure is in contravention of Rule 177 of DSER, 1973, hence not considered.
Building	4,80,17,362	4,80,17,362	Being capitalisation of building is in contravention of Clause 2 of Public Notice and Rule 177 of DSER, 1973 hence these have been disallowed.
Total	**17,48,76,406**	**15,95,61,319**	

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 4,27,07,603 has already been allowed in the Directorate's Order No. F.DE. 15/ (314)/PSB/2021/ 5298-5301 dated 16.12.2021 issued for FY 2018-19 and Order No. F.DE. 15/ (313)/PSB/2021/ 5294-5297 dated 16.12.2021 issued for FY 2019-20. Also, salary arrears for the period 01.04.2019 to 31.03.2023 proposed in the budget for FY 2022-23 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 have adequate 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 this order) that the sufficient funds are not available with the school to carry out its operations for the academic session 2022-23. Accordingly, the fee increase proposal of the school is accepted.

AND WHEREAS, it is noticed that the school has incurred INR 15,68,88,552 in contravention of Rule 177 and other provisions of DSEAR, 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 this 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. 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 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.

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 **Apeejay School, Plot No. 10, Road No. 42, Sainik Vihar, Pitampura, Delhi - 110034 (School Id: 1411184)** 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 this order or any direction herein shall be viewed seriously and will be dealt with in accordance with the provisions of section 24(4) of Delhi School Education Act, 1973 and Delhi School Education Rules, 1973.

This is issued with the prior approval of the Competent Authority.

Nandini

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

To
The Manager/ HoS
Apeejay School,
Plot No. 10, Road No. 42,
Sainik Vihar, Pitampura,
Delhi - 110034 (School Id: 1411184)

No. F.DE.15 (1458)/PSB/2023 /5836-5840 Dated: 27/06/23

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

Nandini

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