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

No. F.DE.15 (1010) / PSB / 2022 / 8586- 8590 **Dated:** 25/10/22

ORDER

WHEREAS, **Titiksha Public School, Sector-11, Rohini, New Delhi-85, School ID-1413247** (hereinafter referred to as " **the School**"), run by the Titiksha Academic Society (hereinafter referred to as "**Society**"), is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi (hereinafter referred to as **"DoE"**), under the provisions of Delhi School Education Act & Rules, 1973 (hereinafter referred to as "**DSEAR, 1973")**. The School is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

AND WHEREAS, the manager of every recognized school is required to file a full statement of fees every year for the ensuing academic session under section 17(3) of the DSEAR, 1973 with the Directorate. Such a statement is required to indicate the 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 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 recognized 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 recognized school shall be inspected at least once in each financial year in such manner as may be prescribed'

Rule 180 (3): 'the account and other records maintained by an unaided private school shall be subject to examination by the auditors and inspecting officers authorized by the Director in this behalf and also by officers authorized 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 hike proposal submitted by the private unaided recognized schools which have been allotted land by the DDA/ other land-owning agencies with the condition in their allotment to seek prior approval 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 fees 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 that in the case of private unaided schools situated on the land allotted by DDA/other land-owning agencies at concessional rates:

"27 (c) It shall be the duty of the Director of Education to ascertain whether terms of allotment of land by the Government to the schools have been complied with...

28. We are directing the Director of Education to look into the letters of allotment issued by the Government and ascertain whether they (terms and conditions of land allotment) have been complied with by the schools.......

.....If in a given case, Director finds non-compliance of above terms, the Director shall take appropriate steps in this regard."

AND WHEREAS, the Hon'ble High Court of Delhi vide its judgement dated 19.01.2016 in writ petition No. 4109/2013 in the matter of Justice for All versus Govt. of NCT of Delhi and Others, has reiterated the aforesaid directions of the Hon'ble Supreme Court and has directed the DoE to ensure compliance of terms, if any, in the letter of allotment regarding the increase of the fee by recognized unaided schools to whom land has been allotted by DDA/ other land-owning agencies.

AND WHEREAS, accordingly, the DoE vide Order No. F.DE.-15(40)/PSB/2019/4440-4412 dated 08.06.2022, directed all the private unaided recognized schools, running on the land allotted by DDA/other land-owning agencies at concessional rates or otherwise, with the condition to seek prior approval of DoE for increase in fee, to submit their proposals, if any, for prior sanction, for increase in fee for the academic session 2022-23.

AND WHEREAS, in pursuance to Order dated 08.06.2022 of the DoE, the School submitted its proposal for enhancement of fee for the academic session 2022-23. Accordingly, this Order dispenses the proposal for enhancement of fee submitted by 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 deployed teams of Chartered Accountants at HQ level who 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 the fee hike proposal filed by the aforesaid school, necessary records and explanations were called from the school through email. The school was also provided an opportunity to be heard on 22.08.2022, to present its justifications/clarifications on the fee increase proposal. Based on the discussion, the school was asked to submit necessary documents and clarification on various issues noted and discussed during the aforesaid personal hearing. During personal discussion, compliance of Order No. F.DE 15(525)/PSB/2022/3053-3057 dated 17.05.2022 issued to the school post evaluation of the fee hike proposal for FY 2019-20 were also discussed and the school's submissions were taken on record.

AND WHEREAS, on receipt of further clarifications/ documents as well as the documents uploaded by the school on the web portal of the department, as a result of the personal hearing, were evaluated by the team of Chartered Accountants and key suggestions noted for improvement by the school are hereunder:

A. Financial Suggestions for Improvement:

1. As per AS-15 on 'Employee Benefits' issued by the Institute of Chartered Accountants of India (ICAI) states that "*Accounting for defined benefit plans is complex because actuarial assumptions are required to measure the obligation and the expense and there is a possibility of actuarial gains and losses.*" Further, the Accounting Standard defines Plan Assets (the form of investments to be made against liability towards retirement benefits) as:

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

   Para 57 of AS-15 states that *"An enterprise should determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date."*

   The documents submitted by the school were taken on record. Review of the documents submitted by the school revealed that it has reported total liability of INR 1,58,16,095 towards gratuity and INR 60,75,334 towards leave encashment in the audited financial statements of FY 2021-22 based on the actuarial valuation report. During the personal hearing, the school submitted that due to paucity of funds, it could invest only INR 30,47,226 and INR 20,90,374 in plan assets for gratuity and leave encashment respectively with LIC and submitted the proof of such investment with LIC. Therefore, total amount of INR 51,37,600 (INR 20,90,374 + INR 30,47,226) invested by the school in plan assets has been considered while deriving the fund position of the school with the direction to the school to invest the remaining amount in plan assets within 30 days from the date of issue of this order.

2. As per Section 2(m) of DSEA, 1973 states "Manager" in relation to a School, means the person, by whatever name called who is entrusted, either on the date on which this Act comes into force, or as the case may be under a Scheme of Management U/s 5 of the DSEA 1973 with the management of the affairs of that School.

   The DoE in its Order No. F.DE 15(525)/PSB/2022/3053-3057 dated 17.05.2022 issued to the school post evaluation of the fee hike proposal for FY 2019-20, noted that the school was paying salary to the manager in contravention of the above-mentioned provision. Accordingly, the school was directed to recover INR 12,23,000 from manager/society as the post of manger is an honorary post as per recruitment rules specified under DSEAR, 1973.

The representation letter submitted by the school in compliance with the order dated 17.05.2022 was taken on record. The school submitted that the above payment to the manager was made for the consultancy services provided by him to the school. However, on receipt of the fee hike order for FY 2019-20, the school management has decided to discontinue the service of manager from FY 2022-23 onwards. However, from records provided by the school, it has been noted that the school has further paid INR 6,00,000 to the manager in FY 2021-22.

Therefore, a total payment of INR 18,23,000 (i.e., INR 6,00,000 + INR 12,23,000) paid to the manager of the school until FY 2021-22 has been included while deriving the fund position of the school with the direction to the school recover this amount from manager/society within 30 days from the date of this Order.

3. The Hon'ble High Court of Delhi, in its judgment dated 30.10.1998 in case of Delhi Abibhavak Mahasangh held 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"*.

Further, 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 award of scholarships to students, establishment of any other recognised 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, Rule 176 states *"Income derived from collections for specific purposes shall be spent only for such purpose"*

The Directorate, in its order No. F.DE.15(181)/PSB/2019/1090-1094 dated 14.03.2019, noted that the school had purchased two buses and car by taking loans of INR 67,38,197 and used school funds for repayments of principal and interest cost which is not in accordance with above mentioned provisions.

Further, DoE, in its Order No. F.DE 15(525)/PSB/2022/3053-3057 dated 17.05.2022 issued to the school post evaluation of the fee increase proposal of FY 2019-20, directed the school to recover INR 98,21,295 from society on account of the school funds used for the repayment of above-mentioned loan and interest cost thereon.

Review of the audited financial statements from FY 2019-20 to FY 2021-22, revealed that the school, instead of recovering the said amounts, has made further payment out of school funds towards principal repayments and interest costs thereon. The school funds utilized by the school for repayment of loans and interest costs are tabulated below:

Financial year	Principal repaid	Interest paid
FY 2019-20	8,18,692	1,25,060
FY 2020-21	8,90,260	53,492
FY 2021-22	1,47,674	17,377
Total	**18,56,626**	**1,95,929**

Accordingly, total school funds of INR 1,18,73,850 (INR 18,56,626 + INR 1,95,929 + INR 98,21,295) used by the school for the purchase of buses, including the repayment of a loan, has been included in the fund position of the school, with the direction to the school to recover this amount from society within 30 days from the date of issue of this order.

4. Rule 175 of DSER, 1973 State *"all income received by the school is required to be reflected in the accounts with regard to the School Fund or the Recognised Unaided School Fund, as the case may be, clearly exhibiting the income accruing under each head, i.e., fees, fines, income from building rent, interest, development fee, etc."*

The DoE in its Order No. F.DE 15(525)/PSB/2022/3053-3057 dated 17.05.2022 issued to the school post evaluation of fee increase proposal for FY 2019-20, noted that the school had let out a portion of school building to Indian Overseas bank. However, the rental income was being received by the society which was non-compliance of Rule 175 of the DSER, 1973. Accordingly, the school was directed to recover INR 98,12,008 from society which is still pending for recovery.

On review of the documents submitted by the school in this regard, it has been noted that the school has started collecting this rental income in the school account. The school further explained during the personal hearing that currently society does not have any income. However, it will make an effort to recover this amount from society in a phased manner starting from FY 2022-23. Accordingly, the amount of INR 98,12,008 which is still pending for recovery has been included while deriving the fund position of the school with the direction to the school to recover this amount from society within 30 days from the date of issue of this order.

5. As per clause 2 of Public Notice dated 04.05.1997, "*it is the responsibility of the Society who has established the school to raise such funds from their own sources or donations from the other associations because the immovable property of the school becomes the sole property of the Society*". Additionally, Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10.02.2005 issued by DoE states that "*Capital expenditure cannot constitute a component of the financial fee structure.*"

Clause 7.24 of Duggal committee report states "*school should be prohibited from discharging any of the functions, which rightly fall in the domain of the society out of the fees and other charges collected from the students; or where the parents are made to bear, even in part, the financial burden for the creation of facilities including building, on a land which had been given to the society at concessional rates for carrying out a philanthropic activity. One only wonders what is then the contribution of the society that professes to run the school*".

Based on the above-mentioned provisions, the cost relating to land and construction of school buildings should be met by society being property of society and school funds, i.e., fees collected from students should not be used for the same.

The DoE in its Order No. F.DE 15(525)/PSB/2022/3053-3057 dated 17.05.2022 issued to the school post evaluation of the fee hike proposal of FY 2019-20, noted that the school had utilized school funds of INR 69,90,619 for the development of the campus which was part of building. Accordingly, the school was directed to recover INR 69,90,619 from society which is still pending for recovery. However, the school, during a personal hearing, submitted that due to paucity of funds with the society, it will make all possible effort to recover this amount in a phased manner starting from FY 2022-23. Therefore, the amount which is still pending for recovery has been included while deriving the fund position of the school.

6. DoE Order No. F.DE 15(525)/PSB/2022/3053-3057 dated 17.05.2022 issued to the school post evaluation of the fee hike proposal for FY 2019-20, noted that school had purchased assets worth INR 1,11,63,272 from FY 2014-15 to 2016-17 out of the development funds but the same was not reported on the face of the audited financial statements of the school. Accordingly, the aforesaid amounts incurred by the school were considered as diversion of school funds and direction was given to the school to recover this amount from the Society within 30 days from the date of issue of the aforesaid order.

During the personal hearing, the school explained that after receipt of the DoE order for FY 2017-18, the school had rectified its mistakes in the financial years 2017-18 and 2019-20 and now these assets are properly reflected in the audited financial statements and the same can be verified. From review of the relevant audited financial statements, it has been noted that the school has passed appropriate accounting entries in its books of accounts and reported the same in the audited financial statements in compliance with the DoE directions. Therefore, this has not been included while deriving the fund position of the school.

B. Other Suggestions for Improvement:

1. From a review of documents submitted by the school post personal hearing, the following has been noted with respect to the Fixed Asset Register (FAR) maintained by the school:

- No tagging of the assets has been done in Fixed Assets Register (FAR) and location is not identified due to which assets could not be physically verified.
- Depreciation for the individual assets is not recorded in the FAR, only cost of the assets is available in the FAR and WDV of the assets is not available.
- Invoice number, manufacturer's serial number and location of the asset is not mentioned in the fixed assets register.

Therefore, the School is hereby directed to prepare a FAR, which should include details such as asset description, purchase date, supplier name, invoice number, manufacturer's serial number, location, purchase cost, other costs incurred, depreciation, asset identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place. The school is further directed to comply with the directions for preparing FAR with relevant details mentioned above according to the process for periodic physical verification of assets and documenting the results of physical verification of assets. The same shall be verified at the time of evaluation of the fee hike proposal for subsequent years. This being a procedural finding, no financial impact is warranted on the fund position of the school.

2. 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 the conditions specified in the land allotment letter require to provide 25% reservation for children belonging to a EWS category. Therefore, the school is directed to ensure admission in accordance with the aforesaid order. From the records provided by the school, the percentage of EWS has been calculated below:

Particulars	FY 2022-23
Total Students	2,836
EWS Students	450
% of EWS students	15.86%

3. As per 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.*"

However, on review of audited financial statement for the FY 2020-21 and 2021-22, it has been noted that the school is refunding only the principal amount to the student at the time of leaving the school, which is not in accordance with clause 18 of Order No. F.DE/15 (56) /Act /2009 / 778 dated 11.02.2009. The balance of caution money as on 31/03/2022 is INR 16,97,000 as per audited financial statements for the FY 2021-22. Accordingly, the School is again directed to comply with clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11.02.2009.

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

i. The total funds available with the school for FY 2022-23 amounting to **INR 15,71,30,781** out of which the expected expenditures for FY 2022-23 to be **INR 17,89,71,872.** This results in net deficit of INR **2,18,41,091** for the FY 2022-23. The details calculation is provided below:

Particulars	Amount (INR)
Cash and Bank balances as on 31.03.22 as per Audited Financial Statements of FY 2021-22	83,44,940
Investments as on 31.03.22 as per Audited Financial Statements of FY 2021-22	84,68,325
Liquid Fund as on 31.03.2022	**1,68,13,265**
Add: Amount recoverable from society/manager for remuneration paid to manager **(Refer Financial Suggestion No. 2)**	18,23,000

Particulars	Amount (INR)
Add: Amount recoverable from Society towards purchase of School buses and Car **(Refer Financial Suggestion No. 3)**	1,18,73,850
Add: Rental income to be recovered from society **(Refer Financial Suggestion No. 4)**	98,12,008
Add: Amount recoverable from Society against capital expenditure incurred on campus. **(Refer Financial Suggestion No. 5)**	69,90,619
Add: Amount recoverable from the for asset purchased but not reflected the same in the audited financial statements **(Refer to Financial Suggestion No. 6)**	-
Add: Fee as per Audited Financial Statements of FY 2021-22 **(Refer Note No. 1 Below)**	12,22,20,372
Add: Other income as per Audited Financial Statements of FY 2021-22 **(Refer Note No. 1 below)**	1,60,78,148
Add: Additional Annual Charges and Development Fee **(Refer Note No. 1 below)**	42,76,819
Less: Amount of income related to previous year recorded in current financial year (as per point (h) of notes to account of AFS 2021-22)	(1,72,47,036)
Total Available Funds for FY 2022-23	**17,26,41,045**
Less: FDR in the Joint Name of School Manager and CBSE as per Audited Financial Statements of FY 2021-22	3,30,724
Less: Investment with LIC towards gratuity and leave encashment as per Audited Financial Statements of FY 2021-22 **(Refer Financial Suggestion No. 1)**	51,37,600
Less: Caution Money as per Audited Financial Statements of FY 2021-22 **(Refer Other Suggestion No. 3)**	16,97,000
Less: Depreciation reserve fund **(Refer Note No. 2 below)**	-
Less: Development fund as on 31.03.22 **(Refer Note No.3 below)**	83,44,940
Net Available Funds for FY 2019-20	**15,71,30,781**
Less: Budgeted Expenditure for FY 2022-23 **(Refer Note No. 4 & 5 below)**	12,47,92,250
Less: Salary Arrears **(Refer Note No. 6 below)**	5,41,79,622
Estimated Deficit	**2,18,41,091**

Note 1: 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 of FY 2021-22 and based on the further information provided by the school, it has been noted that the school has reported 85% of the annual charges and development charges its audited financial statements of FY 2021-22. Therefore, the income collected by the school during the FY 2021-22 with respect to annual charges and development fee has been grossed up in order to make comparative income with the FY 2022-23. The detailed calculation has been provided below:

Particulars	Income as per AFS of FY 2021-22	Income Considered in the Above Table	Remarks
Tuition Fee	7,89,76,045	7,89,76,045	
Annual Charges	1,52,04,840 (after adj. of arrear of FY 20-21)	1,78,88,047	The school recorded 85% of the income. Therefore, this has been grossed up.
Development fund	90,30,467 (after adj. of arrear of FY 20-21)	1,06,24,079	

Note 2: As per the Duggal Committee report, there are four categories of fees that can be charged by a private unaided School. The first category of fee comprised of "*Registration fee and all one Time Charges*' levied at the time of admissions such as admission and caution money. The second category of fee comprises '*Tuition Fee*' which is to be fixed to cover the standard cost of the establishment and to cover the expenditure of revenue nature for the improvement of curricular facilities like library, laboratories, science, and computer fee up to class X and examination fee. The third category of the fee should consist of '*Annual Charges*' to cover all expenditure not included in the second category and the fourth category consist of all '*Earmarked Levies*' for the services rendered by the school and be recovered only from the 'User' students. These charges are transport fee, swimming pool charges, Horse riding, tennis, midday meals etc. This recommendation has been considered by the Directorate while issuing order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009.

The purpose of each head of the fee has been defined and it is nowhere defined the usage of development fee or any other head of fee for investments against depreciation reserve fund.

Further, Clause 7 of order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and clause 14 of the order no F.DE./15(56)/Act/2009/778 dated 11.02.2009, "*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, fixture 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*". Thus, the above direction provides for:

- Not to charge development fee for more than 15% of tuition fee.
- Development fee will be used for purchase, upgradation and replacement of furniture, fixtures, and equipment.
- Development fee will be treated as capital receipts.
- Depreciation reserve fund is to be maintained.

Thus, the creation of the depreciation reserve fund is a pre-condition for charging of development fee, as per above provisions and the decision of Hon'ble Supreme court in the case of Modern School Vs Union of India & Ors.: 2004(5) SCC 583. Even the Clause 7 of the above direction does not require to maintain any investments against depreciation reserve fund. Also, as per para 99 of Guidance Note-21 'Accounting by School' 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."

Accordingly, the depreciation reserve (that is to be created equivalent to the depreciation charged in the revenue account) is mere of an accounting head for the appropriate accounting treatment of depreciation in the books of account of the school in accordance with Guidance Note -21 issued by the Institute of Chartered Accountants of India. Thus, there is no financial impact of depreciation reserve on the fund position of the School. Accordingly, the depreciation reserve fund of INR 3,64,43,568 as reported by the School in the audited financial statements for the FY 2020-21 has not been considered while deriving the fund position of the School.

Note 3: The School has development fund balance INR 1,54,64,779 as on 31.03.2022. However, the cash and bank balance against this fund was INR 83,44,940 as on 31.03.2022 as per audited financial statements. Therefore, balance of development funds has been restricted up to INR 83,44,940 and the same has been considered while deriving the fund position of the school.

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

Heads	Proposed Amount (INR)	Amount Allowed	Amount Disallowed	Reasons
Contractual Admin Staff	1,87,73,717	98,86,956	88,86,761	Under these heads the school has proposed higher expenditure as compared the expenditure incurred by the school in last three financial years. But the school has not provided any proper justification for such unusual increase. Therefore, these expenditures have been restricted within reasonable limit up to 110% of the expenditure incurred during the previous financial year.
Contractual Teaching	2,75,40,210	1,10,93,981	1,64,46,229	
Gift and award	7,50,000	0	7,50,000	
Salary-teaching staff	12,59,43,556	4,23,29,810	8,36,13,746	
Security services	53,76,987	22,13,594	31,63,393	
Building repairs	65,00,000	9,66,457	55,33,543	
Electrical	8,80,000	6,20,423	2,59,577	

Heads	Proposed Amount (INR)	Amount Allowed	Amount Disallowed	Reasons
Gratuity	24,34,700	12,17,350	12,17,350	The amount proposed by the school appears to be unreasonable considering the trend of the expenditures incurred by the school during the last 3 financial years including the amount determine by the actuarial.
Leave encashment	82,30,134	24,69,040	57,61,094	
House Science lab	1,10,000		1,10,000	The school has introduced new heads without giving any justification.
Newspaper in Education	4,40,000		4,40,000	
Picnic expense	1,00,000		1,00,000	
Transportation expense	1,90,38,138		1,90,38,138	Neither transport income nor transport expenses have been considered while deriving the fund position of the school.

Note 5: While evaluating the fee hike proposal, the department considers how much liquid funds schools would require for a particular session for smooth operation without compromising the quality of education. Thus, while deriving the fund position of the school, all legitimate revenue as well as capital nature expenditures in accordance with the provisions of DESAR, 1973 and the pronouncement of Courts judgment have been considered. Therefore, the balance of the other current assets and other current liabilities has not been considered because these are cyclic in nature, as the same would have been part of the budgeted income and expenditure of the school in earlier years. Although it is reflected in the financial statements at the end of the financial year.

Note 6: As per order No. DE.15 (318)/PDB/2016/18117, dated 25.08.2017, the Managing Committee of all the private unaided recognized schools were directed to implement the Central Civil Revised Pay Rules 2016 in respect of the regular employees of the corresponding status in their schools with effect from 01.01.2016 as adopted by the Government of NCT of Delhi vide its circulars No. 30-3(17)/(12)/VII Pay Comm./Coord./2016/110006-11016 dated 19.08.2016 and No. 30-3(17)/(12)/VII Pay Comm./Coord./2016/12659-12689 dated 14.10.2016. Further, vide order No. F.DE.15/ (318)/PSB/2019/11925-30 dated 09.10.2019, the managing committee of all Private Unaided Schools once again directed to implement the recommendation of 7[th] CPC with effect 01.01.2016 within 15 days from the date of issue of aforesaid order.

Further, section 10 of DSEA states " *the scales of pay and allowances, medical facilities, mention, gratuity, provident fund and other prescribed benefits of the employees of recognized private school shall not be less than those of the employees of the corresponding status in school run by the appropriate authority*". Therefore, employees of all the private unaided recognized schools are entitled to get the revised pay commission. This legal position has been settled by the Hon'ble High Court long back at the in the matter of WPC 160/2017; titled as Lata Rana Versus DAV Public School & Ors vide order dated 06.09.2018 for implementation of sixth pay commission recommendations.

The school proposed its establishment expenditure including arrears of 7th CPC in its budget. Further, the school reported salary arrears of INR 6,79,32,697 in its audited financial statement of FY 2021-22 which has been adjusted with the amount of arrears i.e., INR 1,37,53,075 already allowed to the school while evaluating the fee hike proposal of FY 2019-20. Accordingly, INR 5,41,79,622 has been considered towards salary arrears while deriving the fund position of the school.

ii. In view of the above examination, it is evident that the school does not has adequate funds for meeting all the operational expenditures for the FY 2022-23. In this regard, the directions issued by the Directorate of Education vide circular no. 1978 dated 16 April 2010 states.

"All schools must, first of all, explore and exhaust the possibility of utilizing 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 utilized for years together may also be used to meet the shortfall before proposing a fee increase."

AND WHEREAS, in the light of above evaluation which is based on the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, it was recommended by the team of Chartered Accountants along with certain financial suggestions that were 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 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 may be accepted.

AND WHEREAS, it is noticed that the school has paid INR 3,04,99,477 towards payment to manager, repayment of loans, rental income transferred to Society, building construction in contravention of the 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 DSEAR, 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. The school is hereby further 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 this 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 18% to be effective from 01 October 2022.

AND WHEREAS, recommendation of the team of Chartered Accountants along with relevant materials were put before the Director of Education for consideration and who after considering all the material on the record, and after considering the provisions of section 17 (3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that funds are not available with the school for meeting financial implication for the academic session 2022-23. Hence, for smooth payment of salaries and other employee's benefit, the fee hike is required to the School.

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 this order to the D.D.E (PSB).

Accordingly, it is hereby conveyed that the proposal for fee hike of **Titiksha Public School, Sector-11, Rohini, New Delhi-85, School ID-1413247** filled 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 hereby allowed to increase the fee by 18% to be effective from 1 October, 2022. Further, the management of said School is hereby directed under section 24(3) of DSEAR 1973 to comply with the following directions:

1. To increase the fee only by the prescribed percentage from the specified date.

2. To ensure payment of salary is made in accordance with the provision of Section 10(1) of the DSEA, 1973. Further, the scarcity of funds cannot be the reason for non-payment of salary and other benefits admissible to the teachers/ staffs in accordance with section 10 (1) of the DSEA, 1973. Therefore, the Society running the school must ensure payment to teachers/ staffs accordingly.

3. To utilize the fee collected from students in accordance with the provisions of Rule 177 of the DSER, 1973 and orders and directions issued by this Directorate from time to time.

Non-compliance of this order or any direction herein shall be viewed seriously and will be dealt with in accordance with the provisions of 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.

(Yogesh Pal Singh)
Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To
The Manager/ HoS
Titiksha Public School,
Sector-11, Rohini, New Delhi-85,
School ID-1413247

No. F.DE.15 (1010)/PSB/2022 / 8586-8590 Dated: 25/10/22

Copy to:

1. P.S. to Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (North West-B) to 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.

(Yogesh Pal Singh)
Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi