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

No. F.DE.15 (1499)/PSB/2023/ 6724-6728 **Dated:** 26/07/23

Order

WHEREAS, **Prestige Convent Sr. Sec. School (School ID-1413260), Sector-08, Rohini, Delhi-110085** (hereinafter referred to as **"the School"**), run by the **Shiv Shakti 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/ (523)/PSB/2022/3043-3047 dated 17.05.2022 issued for FY 2018-19 and Order No. F.DE. 15/ (554)/ PSB/2022/3217-3221 dated 19.05.2022 issued for FY 2019-20 were also discussed with the school and the school's submissions were taken on record.

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

A. Financial Suggestions for Improvement

1. As per direction no. 2 included in the 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, 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.*"

   Further, Rule 177 of DSER,1973 states "*income derived by an unaided private 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*".

   The abovementioned 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.

Based on the above-mentioned provisions, the cost relating to land and construction of the school building should be met by the society, being the property of the society not from the school funds. As per Order No. F.DE. 15/ (523)/PSB/2022/3043-3047 dated 17.05.2022 issued for FY 2018-19 and Order No. F.DE. 15/ (554)/ PSB/2022/3217-3221 dated 19.05.2022 issued for FY 2019-20, it was noted that during the FY 2017-18, the school incurred INR 6,89,096 on renovation of washroom and reported the same as capital expenditure and which should either be met by the society based in above mentioned provisions or should be met of the out the savings of the school. Therefore, incurring of capital expenditure in contravention of Rule 177 of the DSER, 1973 were disallowed and the school was directed to recover the said amount from the society. In the compliance report, the school has submitted that it has already recovered this amount in FY 2017-18 and submitted that in FY 2017-18 society had given donation of INR 35,00,000 to the school for the purpose of those expenditures and submitted the financial statements of the FY 2017-18 as proof. The submission of the school has been evaluated and financial statements were examined and taken on record.

In view of the above, no further recovery is required and thus, no impact of this amount is considered in the calculation of funds availability.

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. Salaries and allowances are revenue expenses incurred during the current year and therefore, have to come out of the fee of the current year while capital expenditure/investments have to come from savings.*" The same was also upheld by the Hon'ble Supreme Court of India in the matter of Modern School Vs Union of India & Ors. Further, section 18(4) (a) of DSEA, 1973 states "*Income derived by unaided schools by way of fees shall be utilised only for such educational purposes as may be prescribed*".

As per Order No. F.DE. 15/ (523)/PSB/2022/3043-3047 dated 17.05.2022 issued for FY 2018-19 and Order No. F.DE. 15/ (554)/ PSB/2022/3217-3221 dated 19.05.2022 issued for FY 2019-20, it was noted that the school purchased Car in the FY 2017-18 of INR 23,54,156 by taking loan and paid INR 8,49,389 towards principal repayment and interest thereon out of school funds without complying Rule 177 of DSER, 1973 and orders of the Courts and DoE as cited above. As per Rule 177, income of the school should be firstly utilised for meeting the establishment cost including the retirement benefit payable to the employees/ staff of the school. From the documents submitted by the school, it was noted that the school funds were used for purchase of car while the school is yet to implement the recommendations of 7th CPC. Thus, the school fund which was utilised by the school for repayment of loan and interest cost of INR 8,49,389 has been considered 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, it was noted that the school funds were utilised for repayment of vehicle loan including interest and the school was directed to recover INR 8,14,513 from the society. The school in its reply explained that the amount of INR 8,14,513 was already recovered from the society and it was directed to the school to show this amount as contribution from society instead of presenting the same as amount payable to the "Shiv Shakti Educational Society".

In the submission made post hearing the school had submitted that it has already recovered this amount in FY 2017-18 and submitted that in FY 2017-18 society had given donation of INR 35,00,000 to the school for the purpose of those expenditures and submits the financial statements of the FY 2017-18 as proof. The submission of the school has been evaluated and financial statements were examined and taken on record.

In view of the above, no further recovery is required and thus, no impact of this amount is considered in the calculation of funds availability.

3. Clause 14 of DoE'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.*"

Further, para 99 of Guidance Note 21 on "Accounting by Schools" issued by the Institute of Chartered Accountants of India specify the accounting treatment for specific funds. The GN-21 states "*Where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure, the relevant asset* *account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year.*"

Further, the school vide order no. F.DE.15(251) PSB/2019/1325-1329 dated 29.03.2019 issued for academic session 2017-18 post evaluation of fee increase proposal for the financial year 2017-18 it was noted that the school has treated development fee as revenue receipts in FY 2015-16 and FY 2016-17 in contravention of clause 14 of order no. F.DE. /15(56)/Act/2009/778 dated 11.02.2009. Accordingly, the school has treated development fee as capital receipt from FY 2017-18 onwards.

Moreover, as per Order No. F.DE. 15/ (523)/PSB/2022/3043-3047 dated 17.05.2022 issued for FY 2018-19 and Order No. F.DE. 15/ (554)/ PSB/2022/3217-3221 dated 19.05.2022 issued for FY 2019-20, from the presentation made in the audited financial statements for FY 2018-19 submitted by the school it was noted that the school transferred an amount equivalent to the purchase cost of the assets from development fund to 'Development Fund Utilisation Account' and not transferred the amount from deferred income account to the credit of income and expenditure account in proportion of the depreciation charged in compliance of para 99 of the Guidance Note 21 Accounting by Schools.

The review of financial statements of the school for FY 2019-20 to FY 2021-22 reveals that no amount is transferred from the deferred income account to the credit of income and expenditure account in proportion of the depreciation charged in compliance of para 99.

Thus, the school is again directed to make necessary rectification entries relating to development utilisation fund to comply with requirement as indicated in the clause 14 of the order dated 11.02.2009 and the Guidance Note-21 in the books of accounts within 30 days from the date of issue of this order.

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

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

   Para 57 of Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India, *"An enterprise should determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date."*

   On review of financial statements, it has been noted that the school has neither recorded and reported liability towards gratuity and leave encashment in the audited financial statements nor it has been determined by the actuary in accordance with AS-15 issued by ICAI. During hearing, the school has submitted that it has not obtained actuarial valuation in respect of gratuity and leave encashment as the school will not be able to recognize the liability in the books of account due to paucity of funds.

   Similar observation was also noted in Order No. F.DE. 15/ (523)/PSB/2022/3043-3047 dated 17.05.2022 issued for FY 2018-19 and Order No. F.DE. 15/ (554)/ PSB/2022/3217-3221 dated 19.05.2022 issued for FY 2019-20 and school was directed to get actuarial valuation of its liability for retirement benefit and report the same in its audited financial statements.

   Accordingly, the school is again directed to get the actuarial valuation of its liability for retirement benefit and report the same in its audited financial statements within 30 days from the date of issue of this order. Also, it is required to invest an amount equivalent to amount determined by the actuary in a scheme that qualify as "Plan Asset' within the meaning of AS-15.

B. Other Suggestions for Improvement

1. As per Order No. F.DE-15/ACT-IAWPC-4109/PART/13/7905-7913 dated 16 Apr 2016, "*The Director hereby specify that the format of the return and documents to be submitted by schools under rule 180 read with Appendix —II of Delhi School Education Rules. 1973 Shall be as per format specified by the Institute of Chartered Accountants of India, established under Chartered Accountants Act, 1949 (38 of 1949) in Guidance Note on Accounting by Schools (2005) or as amended from time to time by this Institute.*"

Para 67 of the Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India states "*The financial statements should disclose, inter alia, the historical cost of fixed assets.*"

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

On review of the financial statements for FY 2019-20 to 2021-22 of the school it is noted that the school was reporting fixed assets (other than those purchase from development fund) at written down value which is not in accordance with the disclosure requirements included in the guidance note as cited above. It is pertinent to mention here that the fixed assets purchased out of development fund are shown at cost in the financial statements.

Further, it is noted that the school did not charge depreciation at the rates specified in Appendix I to the Guidance Note, which is in contravention of the directions issued by this Directorate.

It is also noted in the financial statements for FY 2019-20 to FY 2021-22, the school failed to provide the amounts for the previous year in the Receipts and Payments Account and schedules forming part of the financial statements.

The school is hereby directed to ensure the compliance of the provisions of the Guidance Note 21 within 30 days from the date of issue of this order.

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

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

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

However, based on the proposal submitted by the school for FY 2022-23 it has been noted that the school charges earmarked levies in the form of Lab Fees from students. However, it is noted in Order No. F.DE. 15/ (523)/PSB/2022/3043-3047 dated 17.05.2022 issued for FY 2018-19 and Order No. F.DE. 15/ (554)/ PSB/2022/3217-3221 dated 19.05.2022 issued for FY 2019-20 that school was earlier charging transport fees also from students.

Also, earmarked levies collected from students are a form of restricted funds, which, according to Guidance Note 21 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 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).

However, the school has not maintained separate fund accounts for the above-mentioned earmarked levies and vide Order No. F.DE. 15/ (523)/PSB/2022/3043-3047 dated 17.05.2022 issued for FY 2018-19 and Order No. F.DE. 15/ (554)/ PSB/2022/3217-3221 dated 19.05.2022 issued for FY 2019-20 to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. However, the school failed to comply with the above-stated directions.

Therefore, the school is again directed to follow the fund-based accounting in accordance with the Guidance Note-21 issued by the ICAI.

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

3. The school has not prepared Fixed Assets Register (FAR) for keeping track of fixed assets purchased by it. The school should prepare a FAR, which should include details such as asset description, purchase date, supplier name, invoice number, manufacturer's serial number, location, purchase cost, other costs incurred, depreciation, asset identification number, etc. to facilitate identification of asset and complete details of assets at one place.

It is noted in Order No. F.DE. 15/ (523)/PSB/2022/3043-3047 dated 17.05.2022 issued for FY 2018-19 and Order No. F.DE. 15/ (554)/ PSB/2022/3217-3221 dated 19.05.2022 issued for FY 2019-20 that school mentioned that time it will start preparing FAR from FY 2019-20 onwards. Further, in the compliance report submitted to the department against these orders the school has again submitted that it will start prepare of fixed assets register. It appears that the school is not taking the directions of the directorate seriously and it is reiterated that the non-compliance of the directions may lead to suitable action against the school under the provisions of the DSEA & R, 1973.

The school is again directed to prepare 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.

4. As per the land allotment letter issued by the Delhi Development Authority to the Society in respect of the land allotted for the school, it shall ensure that percentage of freeship from the tuition fees, as laid down under rules by the Delhi Admn. from time to time, is strictly complied. The school shall ensure admission to the students belonging to weaker sections to the extent of 25% and grant freeship to them. From the breakup of students provided by the school, it had admitted students under Economically Weaker Section (EWS) Category as under:

Particulars	FY 2021-22
Total No. of Students	1089
No. of EWS Students	179
% of EWS Students to Total Students	16%

It is noted that it has not complied with the requirements of land allotment and should thus take comprehensive measures (including enhancement of EWS seats) to abide by the conditions of the land allotment letter issued by the Delhi Development Authority.

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 **4,09,72,650** out of which cash outflow in the FY 2022-23 is estimated to be INR **4,16,54,722.** This results in net deficit of INR **6,82,073** for FY 2022-23 after all payments. The details are as follows:

Particulars	**Amount (in INR)**
Cash and Bank balances as on 31.03.22 as per Audited Financial Statements	2,76,355
Investments as on 31.03.22 as per Audited Financial Statements	7,25,786
Liquid Funds as on 31.03.2022	**10,02,141**
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	4,17,77,715
Add: Other Income for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	64,422
Add: Additional Income of Annual Charges and Development Fund (Refer Note 4 Below)	11,78,147
Add: Additional Fees due to increase in fee @15% from 01.07.2022 (Refer Note 5 Below)	41,04,076
Total Available Funds for FY 2022-23	**4,81,26,501**
Less: FDR in the name of Manager., school and Dy. Director of Education as on 31.03.2022 (Refer Note 1 Below)	7,25,786
Less: Arrears of development fee and annual charges for FY 2020-21 received in 2021-22 (Refer Note 3 Below)	64,28,065
Net Available Funds for FY 2022-23 (A)	**4,09,72,650**
Less: Budgeted expenses for the session 2022-23 (Refer Note 6 Below)	**4,16,54,722**
Less: Salary arrears as per 7th CPC (Refer Note 7 Below)	-

Particulars	Amount (in INR)
Total Estimated Expenditure for FY 2022-23 (B)	4,16,54,722
Net Deficit (A-B)	6,82,073

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	7,25,786	Deducted while calculating available funds of the school.
Total	**7,25,786**	

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	32,62,813
Development Fee	31,65,252
Total	**64,28,065**

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 AFS of FY 2021-22 Amount (INR) - A	Income Considered in the Above Table Amount (INR) - B	Remarks
Tuition Fee	2,86,26,358	2,86,26,358	
Annual Charges	33,06,000	38,89,412	The school recorded 85% of
Development fund	33,70,167	39,64,902	the income. Therefore, this

(8)

Particulars	Income as per AFS of FY 2021-22 Amount (INR) - A	Income Considered in the Above Table Amount (INR) - B	Remarks
			has been grossed up.
Total	**3,53,02,525**	**3,64,80,672**	
Difference (A-B)		**11,78,147**	

Note 5: The school was allowed to increase fee @15% vide Order No. F.DE.15/ (554)/PSB/2022/3217-3221 dated 19.05.2022 issued for FY 2019-20, from 1st July, 2022. School has submitted that it has increased the fee @15% from 1st July 2022. Accordingly, additional income on account of fee increase will also accrue to the school in FY 2022-23 and thus, following amount has been considered as funds available with the school:

Fee heads	Actual receipt in FY 2021-22	Grossed Up	Total Expected Fee	Increased fee (with fee increase @15% for 9 months)
Tuition fees	2,86,26,358	-	2,86,26,358	3,18,46,823
Annual Charges	33,06,000	5,83,412	38,89,412	43,26,971
Development Charges	33,70,167	5,94,735	39,64,902	44,10,954
Total	**3,53,02,525**	**11,78,147**	**3,64,80,672**	**4,05,84,748**
Impact of fee increase				**41,04,076**

Note 6: All budgeted expenditure proposed by the school amounting to INR 10,10,18,650 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
7th CPC salary	4,20,00,000	4,20,00,000	The same has been considered separately. Refer note 7 Below
Salary Teaching Staff	3,75,00,000	55,98,503	Restricted to 130% of expenditure incurred in FY 2021-22
Smart Class & IT expenses	4,90,000	4,90,000	Neither Income nor expense has been considered
Transportation expenses	23,60,000	23,60,000	
Lab Expenses	60,000	60,000	
EWS /DG students expenses	10,50,000	10,50,000	
Staff welfare	90,000	38,194	Restricted to 110% of expenditure incurred in FY 2021-22
Security & Housekeeping Expenses	32,00,000	19,93,043	
Electricity & water expenses	8,10,000	2,03,892	
Student welfare	2,80,000	2,78,453	
Printing & stationary	4,58,000	3,35,627	
Examination expenses	5,60,000	1,59,655	
Vehicle maintenance	60,000	20,400	
Legal & Professional expenses	50,000	48,900	
Sanitation expenses	2,29,000	1,57,339	
Property tax	3,61,000	1,90,874	

Head of Expenditure	2022-23 (in INR)	Amount disallowed (in INR)	Remarks
Depreciation	22,50,000	22,50,000	Non-cash expenditure and thus, not considered.
Capital Expenditure	62,50,000	18,39,046	Allowed to the extent of expected fee receivable in 2022-23
Annual Function	90,000	90,000	New heads of expenditure proposed by the school without furnishing the justification thereof
Newspaper in education	20,000	20,000	
Sports Expenses	1,80,000	1,80,000	
Total	**9,83,48,000**	**5,93,63,928**	

Note 7: In accordance with Section 10(1) of Delhi School Education Act 1973, scales of pay and allowance, medical facilities, pension gratuity, provident fund, and other prescribed benefits of the employees of a recognized private school shall not be less than those of the employees of the corresponding status in schools run by the appropriate authority.

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

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

Further in the previous years' order of the Directorate Order No. F.DE. 15/ (554)/ PSB/2022/3217-3221 dated 19.05.2022 issued for FY 2019-20, the School was directed to implement the recommendations of 7^{th} CPC for payment of salaries and even allowed the amount of arrears claimed by them at that time and basis that had allowed the school to increase the fee by 15%. However, the school has yet to implement the recommendations of 7^{th} CPC and even not paying salaries at full scale of 7^{th} CPC. The school is again directed to comply the provisions of section 10 of the DSEA, 1973 and release the salaries accordingly. A strict action against the school would be initiated u/s 24(3) of DSEA, 1973 for non-compliance with the direction cited above.

ii. In view of the above examination, it is evident that the school does not have adequate funds to carry on its operation for the academic session 2022-23 on the existing fee structure. In this regard, Directorate of Education has already issued directions to the schools vide order dated 16.04.2010 that,

"All Schools must, first of all, explore and exhaust the possibility of utilising the existing funds/ reserves to meet any shortfall in payment of salary and allowances, as a consequence of increase in the salary and allowance of the employees. A part of the reserve fund which has not been utilised for years together may also be used to meet the shortfall before proposing a fee increase."

AND WHEREAS, in the light of the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, the proposal of the school for 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.

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

AND WHEREAS, it is relevant to mention charging of any arrears on account of fee for several months from the parents is not advisable, not only because of the additional sudden burden fall upon the parents/students but also as per the past experience, the benefit of such collected arrears is not passed to the teachers and staff in most of the cases as was observed by the Justice Anil Dev Singh Committee (JADSC) during the implementation of the 6th CPC.

AND WHEREAS, the fee proposal of the school along with relevant materials were put before the Director of Education for consideration and who after considering all the material on the record, and after considering the provisions of section 17(3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that sufficient funds are not available with the school for meeting financial implication for the academic session 2022-23. Keeping this in view, and exercising the powers conferred under Rule 43 of DSER, 1973, the Director (Education) has accepted the proposal submitted by the school and allowed an increase in fee by 2% to be effective from 01 April 2023. However, it is to be ensured that the development fee will not be in excess of fifteen percent of the tuition fee.

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

Accordingly, it is hereby conveyed that the proposal for fee hike of **Prestige Convent Sr. Sec School (School ID-1413260), Sector-08, Rohini, Delhi-110085** 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 fee by 2% 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 2% 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
Prestige Convent Sr. Sec School (School ID-1413260),
Sector-08, Rohini, Delhi-110085

No. F.DE.15 (1499)/PSB/2023/ 6724-6728 Dated: 26/07/23

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-II) 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