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

No. F.DE.15(1468) / PSB / 2023 / 6036 - 6040 **Dated:** 05/07/23

ORDER

WHEREAS, **MHDC Saraswati Bal Mandir Secondary School,B-1, Janakpuri, New Delhi-110058 (School Id: 1618204)** (hereinafter referred to as **"the School"**),run by the **Samarth Shiksha Samiti** (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 09thMay2023to 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/(324)/PSB/2021/2082-2086 dated 21.04.2022 issued for FY 2018-19 and Order No. F.DE. 15/(457)/PSB/2022/2310-2314 dated 27.04.2022 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. 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, para 7.14 of the Accounting Standard-1 defined Plan Assets as:

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

Based on discussion with the school during the personal hearing, the school explained it provides for Gratuity and Leave encashment expense, which is transferred to Samarth Shiksha Samiti (Regd.) ("Society"). The Society in turn invests the amount in group gratuity scheme of LIC for all the schools under its management and uses the same for payment of gratuity and leave encashment liability is paid by the Society as and when the same arises in respect of school staff at the time of resignation/ retirement.

On review of actuarial valuation submitted by the school, it is noted that the actuarial valuation report belongs to 32 schools and gratuity and leave encashment liability is entrusted with the society. The determination of gratuity and leave encashment liability of the school is not ascertainable from the actuarial valuation report submitted.

Similar observation was also noted in the Directorate's Order no. F.DE.15(210)/PSB/2019/1150-1154 dated 29.03.2019 issued for FY 2017-18, Order No. F.DE. 15/(324)/PSB/2021/2082-2086 dated 21.04.2021 issued for FY 2018-19 and F.DE.15(457)/PSB/2022/2310-2314 dated 27.04.2022 issued for FY 2019-20 and the school was directed to obtain the value of funds transferred to the society towards gratuity and leave encashment liability. However, the actuarial valuation for gratuity and leave encashment liability for the school was not submitted for the school only.

In absence of actuarial valuation, no adjustment towards gratuity and leave encashment has been made while deriving the fund position of the school. The school is directed to obtain an actuarial valuation of its liability towards staff retirement benefits from an actuary within 30 days from the date of this order and ensure that the liability and corresponding investments are disclosed appropriately in its financial statements. In view of the above, the amount proposed by the school in the budget amount to INR 9,25,000 has not been considered while deriving the fund position of the school.

2. As per Order No. DE.15/Act/Duggal.Com/ 203/99/23033-23980 dated 15.12.1999, indicated the heads of fee/ fund that recognised private unaided school can collect from the students/ parents, which include:
   - Registration Fee
   - Admission Fee
   - Caution Money
   - Tuition Fee
   - Annual Charges
   - Earmarked Levies
   - Development Fee

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

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

The Directorate's Order no. F.DE.15(457)/PSB/2022/2310-2314 dated 27.04.2022 issued for FY 2019-20 noted that the school's fee structure includes pupil fund, which is collected from all the students and based on details submitted by the school, this is utilised to meet various expenditures of the school example for co-curricular, repairs and maintenance and in-service education etc.

During the hearing the school has submitted that it has stopped the collection of pupil fund from the students and further on review of the audited financial statements for FY 2019-20 it is noted that has transferred the balance of pupil fund as on 31st Mar 2020 to Income & Expenditure a/c (General reserve). The balance of pupil fund shown in the liability side do not corresponds with the amounts transferred to the Income & Expenditure Account. In the absence of detailed information, no adjustment is proposed in the order. The school is directed to furnish the details of account effected while carrying out this transaction in the books of accounts within 30 days from the date of issue of the order.

Further, vide Order No. F.DE. 15/(324)/PSB/2021/2082-2086 dated 21.04.2022 issued for FY 2018-19 and Order No. F.DE. 15/(457)/PSB/2022/2310-2314 dated 27.04.2022 issued for FY 2019-20 the school was directed to stop the collection of 'Assignment fee'. The school submitted that it has waived off the assignment fee from session 2020-21. The submission of the school is taken on record and considered.

B. Other Suggestions for Improvement

1. 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.*"

   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 is administered.*"

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

Further, the aforementioned Guidance Note-21 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).

It has been noted that the school charges earmarked levies in the form of Transport Fees, Computer/Smart Class Fees and Science Fees 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, which has been utilized for meeting other expenses of the school. Details of the calculation of surplus/deficit, based on breakup of expenditure provided by the school for FY 2019-20, FY 2020-21 and FY 2021-22 are given below:

Particulars	Transport Fee	Science fees	Computer Fees
For the year 2019-20			
Fee Collected during the year (A)	2,53,600	76,000	12,20,420
Expenses during the year (B)	4,32,505	4,846	6,36,353
1. Difference for the year (A-B)	**(178,905)**	**71,154**	**5,84,067**
For the year 2020-21			
Fee Collected during the year (A)	-	-	-
Expenses during the year (B)	37,309	-	1,58,551
2. Difference for the year (A-B)	**-37,309**	**-**	**-158,551**
For the year 2021-22			
Fee Collected during the year (A)	-	-	-
Expenses during the year (B)	3,914	2,370	90,759
3. Difference for the year (A-B)	**-3,914**	**-2,370**	**-90,759**
Total Surplus/(Deficit) =1+2+3	**-220,128**	**68,784**	**3,34,757**

On the basis of the aforementioned orders, 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 a collection of capitation fee in other manner and form. The school is charging smart class fees from students of all classes and also, has proposed new heads of fee namely student security fee and activity fee for all classes. Thus, the fee charged from all students loses its character of the earmarked levy, being a non-user-based fee. Thus, based on the nature of smart class fee, student security fee and activity fee and details provided by the school in relation to expenses incurred against the same, the school should not charge such fee as earmarked fee and should incur the expenses relating to these from tuition fee or annual charges (as applicable) collected from the students. The school explained that tuition fee collected from students is not sufficient to meet the establishment cost and annual charges are also not sufficient to meet other revenue expenses of the school. Thus, the surplus generated from earmarked levies has been applied towards meeting establishment cost/revenue expenditure on account of which the fund balance of earmarked levies could not be separated from the total funds maintained by the school. Accordingly, total fees (including earmarked fee) have been included in the budgeted income and budgeted expenses (included those for earmarked purposes) have been considered while deriving the fund position of the school.

The school is hereby directed to maintain a separate fund account depicting clearly the amount collected, amount utilized and balance amount for all earmarked levies collected from the students. Unintentional surplus/deficit, if any, generated from earmarked levies has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year. 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 fee collected from all students as earmarked levies.

2. Clause 14 of Order No. F.DE./15 (56)/ Act/2009/778 dated 11.02.2009 states *"Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixtures and equipment."*

And as per para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states "*Where the fund is meant for meeting capital expenditure upon incurrence of the expenditure the relevant asset account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter the concerned restricted fund account is treated as deferred income to the extent of the cost of the asset and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year.*" Further, Para 102 of the abovementioned 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/utilization 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 utilization of each fund balanced)
d) Restrictions, if any, on the utilization of specific assets."

In Order No. F.DE. 15/(324)/PSB/2021/2082-2086 dated 21.04.2022 issued for FY 2018-19 and Order No. F.DE. 15/(457)/PSB/2022/2310-2314 dated 27.04.2022 issued for FY 2019-20 it was noted that the school had incurred expenditure on purchase of fixed asset of INR 4,15,374 for FY 2017-18 and INR 4,83,425 for FY 2018-19 whereas the financial statements of FY 2017-18 reflect the purchase of fixed assets of INR 22,098 and for FY 2018-19 INR 5,211. The school was directed to follow generally accepted accounting policies by complying with the requirement of guidance note mentioned above and provide a detailed explanation for deviation in value of fixed assets provided by them to ensure that the development fund is to be utilized only for purchase, upgradation and replacement of furniture, fixture, and equipment within 30 days from the date of issue of the order.

The school has submitted in their response that, *"Development Account is maintained separately and is audited every year. All the fixed assets of capital nature are purchased from this account...."* The school has annexed the copy of financial statements for Development fund account for 2017-18 and 2018-19. It is noted that the school is separately preparing balance sheet and Income and Expenditure account of the development account. Also, revenue expenses were also charged from the development fee. In view of the above, the school was not following the accounting treatment and presentation suggested in para 99 of the Guidance Note 21 Accounting by Schools.

The school is directed to ensure the accounting treatment and presentation suggested in para 99 of the Guidance Note 21 Accounting by Schools and make necessary accounting adjustments in the books of accounts to present correct balance of development fund, its utilisation and the assets purchased out of the development fund. Also, school is directed to make appropriate disclosure in the Notes to Accounts annexed to the financial statements.

3. The School vide Order No. F.DE. 15/(324)/PSB/2021/2082-2086 dated 21.04.2022 issued for FY 2018-19 and Order No. F.DE. 15/(457)/PSB/2022/2310-2314 dated 27.04.2022 issued for FY 2019-20 was directed to prepare a Fixed asset register which not only captures date, asset name, bill no., quantity and amount but also include details such as manufacturer's serial number, location, other costs incurred, depreciation, asset identification number, etc. to facilitate identification of asset and complete details of assets at one place.

In review of compliances, the school claimed that it has started maintaining the fixed assets register as per DOE's instructions but has not submitted fixed asset register to substantiate its claim. Therefore, the school is again directed to update the information as mentioned in the order and submit compliance report within 30 days from the date of issue of the order.

4. Direction no. 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.*"

In Order No. F.DE. 15/(324)/PSB/2021/2082-2086 dated 21.04.2022 issued for FY 2018-19 and Order No. F.DE. 15/(457)/PSB/2022/2310-2314 dated 27.04.2022 issued for FY 2019-20 it was stated that the school had not refunded caution money to the students at the time of leaving the school and had charged INR1,000 as caution money instead of INR 500 allowed as per orders of Directorate of Education. Further, the school has not maintained separate bank account for deposit of caution money collected from students. The school submitted that it has started the refund of caution money but it got delayed due to Covid-19 situation.

The school was directed to refund caution money to the students who have already left the school and adjust the caution money collected in excess of INR 500 from the students against fee due.

On review of financial statements for FY 2021-22, it is noted that there is caution money liability of INR 2,54,350 against the 341 fee paying students. Thus, there is an estimated amount of caution money which is due for refund is INR 83850. The school is directed to refund any balance of un-refunded caution money (if any) and should treat it as income after 30 days of sending letters to the last known addresses of the students who had already left from the school to collect their caution money.

In view of the above, the amount to be refunded to students towards caution money as on 31.03.2022 has been considered while deriving the fund position of the school.

5. In Order No. F.DE. 15/(324)/PSB/2021/2082-2086 dated 21.04.2022 issued for FY 2018-19 and Order No. F.DE. 15/(457)/PSB/2022/2310-2314 dated 27.04.2022 issued for FY 2019-20 it was stated that the school in FY 2014-15 capitalised building amounting to INR 25.03 lakhs by crediting society's ledger in its books of account creating a fixed asset and a corresponding liability in the name of the Society (Samarth Sikhsha Samiti (Regd.). Directorate, through the aforementioned order, directed the school that the responsibility of construction of building lies with the society only and cannot be transferred to the school and accordingly, school was directed not to charge depreciation on addition to the building created through crediting society's ledger. From the audited financial statements for FY 2019-20 and 2020-21, it was noted that the school had not charged any depreciation on building during the year. Further, on review of financial statements for FY 2021-22 the school capitalised building amounting to INR 25.03 lakhs by debiting society's ledger in its books of account deduction in fixed asset and a corresponding liability in the name of the Society (Samarth Sikhsha Samiti (Regd.) has been decreased. The submission of the school is taken on record considered.

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 year 2022-23 amounting to INR **1,71,76,011** out of which cash outflow in the year 2022-23 is estimated to be INR **1,56,36,264**. This results in estimated surplus of INR **15,39,747**. The details are as follows:

Particulars	**Amount (in Rs.)**
Cash and Bank balances as on 31.03.22 as per Audited Financial Statements	20,69,261
Investments as on 31.03.22 as per Audited Financial Statements	9,71,516
Liquid Funds as on 31.03.2022	30,40,777
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note no.1)	1,20,91,935
Add: Other Income for FY 2021-22 as per Audited Financial Statements (Refer Note no.1)	99,959
Add: Additional Income of Annual Charges and Development Fund (Refer note no. 2)	7,52,381
Add: Additional Fees due to increase in fee @19% from 01.07.2022	25,81,368
Total Available Funds for FY 2022-23	**1,85,66,421**
Less: Development fund (Refer Note 3)	11,36,060

Particulars	Amount (in Rs.)
Less: Caution money as on 31.03.2022 (Refer Other suggestions for improvement no. 4)	2,54,350
Net Available Funds for FY 2022-23 (A)	**1,71,76,011**
Less: Budgeted expenses for the session 2022-23	**1,56,36,264**
Total Estimated Expenditure for FY 2022-23 (B)	**1,56,36,264**
Net Surplus	**15,39,747**

Note 1: 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 2: 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	78,19,120	78,19,120	As per the information 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 7,52,381 has been considered.
Annual Charges	31,27,435	36,79,335	
Development Charges	11,36,060	13,36,541	
Total	**1,20,82,615**	**1,28,34,996**	

Note 3: The Supreme Court in the matter of Modern School held that development fees for supplementing the resources for purchase, upgradation and replacements of furniture and fixtures and equipment can by charged from students by the recognized unaided schools not exceeding 15% of the total annual tuition fee. Further, the Directorate's circular no. 1978 dated 16.04.2010 states "*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.*" Over a number of years, the school has accumulated development fund and has reflected the closing balance of INR 56,74,006 in its audited financial statements of FY 2021-22. Accordingly, the accumulated reserve of development fund created by the school by collecting development fee more than its requirement for purchase, upgradation and replacements of furniture and fixtures and equipment has been considered as free reserve available with the school for meeting the financial implication of salary. However, development fund equivalent to amount collected in one year (FY 2021-22 i.e., INR 11,36,060) from students has been considered for deriving the fund position of the school, which is considered sufficient on basis of the spending pattern of the school in past.

ii. In view of the above examination, it is evident that the school has adequate funds to carry on its operation for the academic session 2022-23 on the existing fee structure. In this regard, Directorate of Education has already issued directions to the schools vide order dated 16.04.2010 that,

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

AND WHEREAS, in the light of the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate the proposal of the school for session 2022-23 have been evaluated and certain financial suggestions have been identified (appropriate financial impact has been taken on the fund position of the school) and certain procedural suggestions which were also noted (appropriate instructions against which have been given in the order).

AND WHEREAS, the fee proposal of the school along with relevant materials were put before the Director of Education for consideration and who after considering all the material on the record, and after considering the provisions of section 17(3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that sufficient funds are available with the school for meeting financial implication for the academic session 2022-23.

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

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

Accordingly, it is hereby conveyed that the proposal for fee hike of **MHDC Saraswati Bal Mandir Secondary School (School ID-1618204), Janakpuri, Delhi -110058** filed by the school in response to the Order No. F.DE.-15(40)/PSB/2019/4440-4412 dated 08.06.2022 for the academic session 2022-23, is rejected by the Director (Education) with the above conclusion and suggestions.

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

1. Not to increase any fee/charges during FY 2022-23. In case, the school has already charged increased fee during FY 2022-23, the School should make necessary adjustments from future fee/refund the amount of excess fee collected, if any, as per the convenience of the parents.

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

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

Non-compliance of 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
MHDC Saraswati Bal Mandir Secondary School (School ID-1618204),
Janakpuri, Delhi -110058

No. F.DE.15 (1468)/PSB/2023/6036-6040 Dated: 05/07/23

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 (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