

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

No. F.DE.15(1596) / PSB / 2023 / 8912-8916

Dated: 18/10/23

ORDER

WHEREAS, **M.D.H. International School, C-1, Janakpuri, New Delhi-110058, (School Id-1618233)** (hereinafter referred to as **"the School"**), run by the **Mahashay Chuni Lal Charitable Trust** (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.

②

AND WHEREAS, it was also directed by the Hon'ble Supreme Court, that the DoE in the aforesaid matter titled Modern School Vs. Union of India and Others in paras 27 and 28 in case of private unaided schools situated on the land allotted by DDA at concessional rates that:

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

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

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

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

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

AND WHEREAS, in pursuance to order dated 08.06.2022 of the DOE, the school submitted its proposal for increase of fee for the academic session 2022-23. Accordingly, the order dispenses the proposal for increase of fee submitted by the school for the academic session 2022-23.

AND WHEREAS, in order to examine the proposals submitted by the schools for fee increase for justifiability or not, the DoE has evaluated the fee increase proposals of the School carefully in accordance with the provisions of the DSEAR, 1973, and other Orders/ Circulars issued from time to time by the DoE.

AND WHEREAS, in the process of examination of fee increase proposal filed by the aforesaid School for the academic session 2022-23, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 12th May 2023 to present its justifications/clarifications on fee increase proposal including audited financial statements and based on the discussion, the school was further asked to submit necessary documents and clarification on various issues noted.

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 Clause 14 of Order No. F.DE./15 (56)/Act/2009/778 dated 11 Feb 2009 *"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, as per Para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India *"Where the fund is meant for meeting capital expenditure, upon incurrance 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."*

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

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

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."*

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school has treated development fee as revenue receipt and thus has incurred revenue expenditure from development fee. The treatment of development fee and its utilisation towards revenue expenditure is not in accordance with the above-mentioned provisions. Also, the school has not maintained depreciation reserve fund equivalent to the depreciation charged to the income and expenditure account. Instead, the school should treat development fee as capital receipt and should utilise it for purchase, up gradation and replacement of furniture, fixtures and equipment only. Further, the school should create deferred revenue account equivalent to the cost of assets purchased out of development fund and write off this deferred revenue account in the proportion of depreciation charged to the income and expenditure account in respect of such assets. Also, the school should maintain depreciation reserve fund equivalent to the depreciation charged to the income and expenditure account and disclose all the fixed assets at gross value in its audited financial statements.

Accordingly, the school is directed to ensure the compliance of clause 14 of order dated 11.02.2009 and Para 67, Para 99 and Para 102 of Guidance Note 21 issued by ICAI.

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

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

Further, as per 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 define benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognised in the financial statements do not*

materially from the amounts that would be determined at the balance sheet date.

On review of the audited financial statements of the school for FY 2021-22, the school has obtained actuarial valuation report for gratuity and leave encashment liability as on 31.03.2022 but the school has not created provision for gratuity and leave encashment in its books of accounts. Further, the school has not made investment in plan assets within the meaning of AS-15. As per the notes to accounts of the school, it is mentioned that Gratuity under the payment of Gratuity Act, 1972 and other retirement benefits paid to employees of the Trust are recorded at the time of payment.

Accordingly, the school is directed to disclose its liabilities for retirement benefits (gratuity and leave encashment) according to the actuarial valuation report and to invest an amount equivalent to the liability of retirement benefit that qualify as 'Plan Assets' within 30 days from the date of the order.

3. The order dated 19.01.2016 issued by the Hon'ble High Court of Delhi, every recognized unaided school to whom land was allotted by DDA shall not increase the rate of fees without the prior sanction of Director, Education. Further, as per the directions of Supreme Court in *Modern School vs. Union of India & ANR* (supra), a Circular dated 16.04.2016 has been issued reiterating as under:
- I. It is reiterated that annual fee-hike is not mandatory.
 - II. School shall not introduce any new head of account or collect any fee thereof other than those permitted. Fee/funds collected from the parents/students shall be utilized strictly in accordance with rules 176 and 177 of the Delhi School Education Rules, 1973.
 - III. If any school has collected fee in excess of that determined as per the procedure prescribed, the school shall refund/adjust the same against subsequent instalments of fee payable by students.

Also, Clause No. 17 of the Letter of Allotment of Land issued by DDA states that *"The school shall not increase the rates of tuition fee without prior sanction of the Directorate of Education, Delhi Admn. and shall follow provisions of Delhi School Education Act/ Rules, 1973 and other instructions issued from time to time."*

On review of fee structure of the school for FY 2019-20 to 2021-22, it is noted that the school has increased the tuition fee and smart class fee of following classes without obtaining prior approval of the Director, Education.

Tuition Fees

Class	FY 2019-20	FY 2020-21	FY 2021-22
Pre-school	5,700	5,700	6,600

Smart Class Fee

Class	FY 2019-20	FY 2020-21	FY 2021-22
Pre-school	450	450	750

Accordingly, the school is directed to refund/ adjust the increased fee to the students charged during the FY 2021-22 and submit the evidence of the same to the Directorate within 30 days

from the date of issue of the order and not to increase any fee of any class without prior approval of the Directorate.

B. Other Suggestions for Improvement

1. Clause 19 of Order No. F.DE./15(56)/Act/2009/778 dated 11 Feb 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 Feb 2009 states *"Earmarked levies will be calculated and collected on 'no-profit no loss' basis and spent only for the purpose for which they are being charged."*

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

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

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

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school charges earmarked levies in the name of Transport Fee, Medical and SUPW charges, Sports/ Computer Fee and Smart Class charges and the school has not maintained fund-based accounting for earmarked levies. Further, the school has been generating surplus which has been utilised for meeting other expenses of the school or has been incurring losses (deficit), which has been met from other fees/income. The details of surplus/deficit of earmarked levies during FY 2019-20 to 2021-22 are as under:

Particulars	Transport Fees	Medical and SUPW charges	Sports and Computer Fee	Smart Class Charges
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Particulars	Transport Fees	Medical and SUPW charges	Sports and Computer Fee	Smart Class Charges
For the year 2019-20				
Fee Collected during the year (A)	10,10,350	5,77,250	15,94,500	13,82,000
Expenses during the year (B)	1,82,951	14,471	4,03,390	3,83,501
Difference for the year (A-B)	8,27,399	5,62,779	11,91,110	7,57,980
For the year 2020-21				
Fee Collected during the year (A)	-	19,776	65,050	52,700
Expenses during the year (B)	25,300	5,968	2,49,924	-
Difference for the year (A-B)	-25,300	13,808	-1,84,874	52,700
For the year 2021-22				
Fee Collected during the year (A)	8,600	100	4,731	-
Expenses during the year (B)	30,697	4,793	2,10,925	
Difference for the year (A-B)	-22,097	-4,693	-2,06,194	-

Further, as per the Duggal Committee report, there are only four categories of fee that can be charged by a school. The first category of fee comprises of "registration fee and all One Time Charges" which is levied at the time of admission such as Admission and Caution Money. The second category of fee comprise of "Tuition Fee" which is to be fixed to cover the standard cost of the establishment and also to cover expenditure of revenue nature for the improvement of curricular facilities like Library, Laboratories, etc., and 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 should consist of all "Earmarked Levies" for the services rendered by the school and to be recovered only from the 'User' students. These charges are Transport Fee, Swimming Pool Charges, Horse Riding, Tennis, Midday Meals etc.

Based on the above-mentioned provisions, earmarked levies are to be collected only from the user students availing of the service/facility. In other words, if any service/facility has been extended to all the students of the school, a separate charge should not be levied for the service/facility as the same would get covered either under tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). The charging of unwarranted fee or charging of any other amount/fee under different heads other than prescribed and accumulation of surplus fund thereof prima-facie is considered as collection of capitation fee in other manner and form. Therefore, the school is directed not to charge Medical and SUPW charges, Sports/ Computer Fee and Smart Class charges from all the students.

Unintentional surplus, if any, generated from earmarked levies must be utilized or adjusted against earmarked fees collected from the users in the subsequent year.

Accordingly, the school is hereby directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies during subsequent proposal for

enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.

2. As per clause 3 of the public notice dated 04.05.1997 published in the Times of India “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 Feb 2009 states “No caution money/security deposit of more than five hundred rupees per student shall be charged. The caution money, thus collected shall be kept deposited in a scheduled bank in the name of the concerned school and shall be returned to the student at the time of his/her leaving the school along with the bank interest thereon irrespective of whether or not he/she requests for refund.”

Further, Clause 3 and 4 of Order No. DE/15/150/Act/2010/4854-69 dated 9 Sep 2010 stated “In case of those ex-students who have not been refunded the caution money/ security deposit, the schools shall inform them (students) at their last shown address in writing to collect the said amount within thirty-days. After the expiry of thirty days, the un-refunded Caution money belonging to the ex-students shall be reflected as income for the next financial year & it shall not be shown as liability. Further, this amount shall also be taken into account while projecting fee structure for ensuing academic year.”

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school has not submitted receipt and payment account due to which the refund of caution money to the students at the time of their leaving the school could be established. Furthermore, by taking into account the number of students on roll as on 31.03.2022, it is noted that the school has not refunded the caution money to the ex-students. Also, the school has not treated the unclaimed caution money as the income of the school.

Accordingly, the school is directed to ensure compliance with above-mentioned provisions and ensure refund of caution money to the students leaving the school and in case of ex-students who have not been refunded the caution money, the school should send communication at their address and after the expiry of thirty days, the unrefunded caution money should be treated as income.

3. As per clause 103 on Related Party Disclosure, contained in Guidance Note 21 on ‘Accounting by Schools’, issued by the ICAI, there is a requirement that keeping in view the involvement of public funds, schools are required to disclose the transactions made in respect of related parties.

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school has not disclosed related party transactions. The school should disclose related party transactions in its notes to accounts forming part of financial statements.

As per school’s reply, there are no transactions with related parties (Usha International Ltd, Whirlpool of India Ltd, Extra marks Education India Pvt Ltd) during FY 2020-21 and 2021-22. However, on review of documents submitted by the school, it is noted that during FY 2019-20 the school has purchased 2 water coolers from Usha International Ltd and 4 AC from Whirlpool of India Ltd. Also, the school has got education services alongwith hardware from Extra marks Education India Pvt Ltd. The school has not disclosed the above transactions in its audited financial statements.

Accordingly, the school is directed to disclose the related party transactions in compliance with Guidance Note 21 issued by ICAI.

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

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school has charged depreciation as per the rates provided under the Income Tax Act, 1961. Accordingly, the school is directed to charge depreciation at the rates prescribed in Guidance Note 21 issued by ICAI.

5. The school is not complying with the DoE Order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04-06-2012 as well as condition specified in the land allotment letter which require to provide 25% reservation to children belonging to EWS category.

The details of total students, EWS students and ratio thereon are provided below:

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Total Strength	611	670	701
EWS Students	110	122	135
% EWS students to total strength	18%	18%	19%

In view of the above table, the school is not complying with the Directorate's Order dated 04.06.2012 and condition of land allotment letter.

Accordingly, the school is directed to comply with providing 25% reservation to children belonging to EWS category. The compliance of the above shall be viewed at the time of evaluation of fee increase proposal of the subsequent year.

6. As per Section 18(5) of the DSEA, 1973, the management committee of every recognised private school shall file every year with the Director such duly audited financial and other returns as may be prescribed, and every such return shall be audited by such authority as may be prescribed.

Further, Rule 180 of DSER, 1973 states “ (1) every unaided recognised private schools shall submit the returns and documents in accordance with Appendix-1, (2) Every return or documents referred to in sub-rule (1), shall be submitted to the Director by the 31 July of each year.(3) The account and other records maintained by an unaided private school shall be subject to examination by the auditors and inspecting officers authorised by the Director in this behalf and also by any officers authorised by the Comptroller and Auditor General of India”

And Section 24(2) of DSA, 1973 states “The Director may arrange special inspection of any school on such aspects of its working as may, from time to time, be considered necessary by him”.

Whereas Appendix-II to Rule 180 specify that “final accounts i.e., receipts, and payment account, income and expenditure and balance sheet of the preceding year should be duly audited by Chartered Accountant.

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school has not submitted receipt and payment account along with the Balance sheet and Income & Expenditure account.

Accordingly, the school is directed to prepare and submit receipt and payment account duly attested by Chartered Accountant. Compliance of the above shall be viewed at the time of evaluation of fee increase proposal of subsequent year.

7. As per Appendix II to Rule 180(1) of DSER, 1973, the school is required to submit final accounts i.e., receipts and payment account, income and expenditure account and balance sheet of the preceding year duly audited by a Chartered Accountant by 31st July.

Para 1 of Standard on Auditing (SA) 700 (Revised) – ‘Forming an Opinion and Reporting on Financial Statements’ notified by the Institute of Chartered Accountants of India states “*This Standard on Auditing (SA) deals with the auditor’s responsibility to form an opinion on the financial statements. It also deals with the form and content of the auditor’s report issued as a result of an audit of financial statements.*”

SA 700 also include formats for issuing audit opinions on the financial statements by practicing Chartered Accountants (CA).

During FY 2019-20 to 2021-22, it is noted that audit report issued by the CA on the financial statements of the school were not as per the format prescribed in the SA 700 instead the CA certified the true and fair view for the Balance Sheet and Income and Expenditure Account in format prescribed in the Income Tax Act for societies and trusts.

Accordingly, the school is directed to ensure that the audit opinions issued on its future final accounts by practicing Chartered Accountant must comply with the requirements enunciated by their regulatory body i.e. The Institute of Chartered Accountants of India.

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 7,46,94,537** out of which cash outflow in the FY 2022-23 is estimated to be **INR 2,65,32,096**. This results in net surplus of **INR 4,81,62,441** 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	52,19,124
Investments as on 31.03.22 as per Audited Financial Statements	4,70,23,319
Liquid Funds as on 31.03.2022	5,22,42,443
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 2 below)	2,20,36,936
Add: Other Income for FY 2021-22 as per Audited Financial Statements (Refer Note 2 below)	19,68,633

Particulars	Amount (in INR)
Add: Additional Income of Annual Charges and Development Fund (Refer Note 3 below)	9,19,907
Less: Arrears of Annual Charges and Development Charges of FY 2020-21 collected in FY 2021-22	-
Total Available Funds for FY 2022-23	7,71,67,919
Less: Fixed Deposit in the joint name of Dy Director Education and Manager of the school (Refer Note 1 below)	5,58,770
Less: Caution Money as on 31.03.2022 (Refer Other Suggestion No. 2)	10,42,920
Less: Bank Balance EWS as on 31.03.2022	8,71,692
Net Available Funds for FY 2022-23 (A)	7,46,94,537
Less: Budgeted expenses for the session 2022-23 (Refer Note 4 Below)	2,65,32,096
Less: Salary Arrears of 7th CPC (Refer Note 5 Below)	-
Total Estimated Expenditure for FY 2022-23 (B)	2,65,32,096
Net Surplus (A-B)	4,81,62,441

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 Dy. Director of Education	5,58,770	Deducted while calculating available funds of the school.
Total	5,58,770	

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. However, Govt. grant amounting INR 7,28,708 received in FY 2021-22 has not been considered as to be received in FY 2022-23 and thus, not included in the other income in the table.

Note 3: The Department vide its Order No.F.No.PS/DE/2020/55 dated 18.04.2020 and Order No.F.No.PS/DE/2020/3224-3231 dated 28.08.2020 had issued guidelines regarding the chargeability of fees during the pandemic COVID 2019. The department in both the above-mentioned orders directed to the management of all the private schools not to collect any fee except the tuition fee irrespective of the fact whether running on the private land or government land allotted by DDA/other land-owning agencies and not to increase any fee in FY 2020-21 till further direction.

The department in pursuance of the order dated 31.05.2021 in WPC 7526/2020 of Single Bench of the Hon'ble High Court of Delhi and interim order dated 07.06.2021 in LPA 184/2021 of the Division Bench of Hon'ble High Court of Delhi and to prevent the profiteering and commercialization, again directed to the management of all the petitioners private unaided recognized schools through its Order No. F. No. DE.15 (114) /PSB /2021 /2165-2174 dated 01.07.2021:

- (i) "to collect annual school fee (only all permitted heads of fees) from their students as fixed under the DSEAR,1973 for the academic year 2020-21, but by providing deduction of 15% on that amount in lieu of unutilized facilities by the students during the relevant period of academic year 2020-21". And if the school has collected the fee in excess to the direction issued by the Hon'ble Court, the same shall be refunded to the parents or adjusted in the subsequent month of fee or refund to the parents.

- (ii) The amount so payable by the concerned students be paid in six equal monthly instalments w.e.f. 10.06.2021.

From review of the audited financial statements for the FY 2021-22 and based on the further information provided by the school post personal hearing, it has been noted that the school has reported tuition fees at 100%, 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 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	1,67,87,135	1,67,87,135	As per details provided by the school, Annual Charges and Development Charges collected in FY 2021-22 at the rate of 85% and thus, difference amount of INR 9,19,907 has been considered.
Annual Charges	23,07,800	27,15,059	
Development Charges	29,05,005	34,17,653	
Total	2,19,99,940	2,29,19,847	

Note 4: All budgeted expenditure proposed by the school amounting to INR 2,80,22,096 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
Depreciation	6,00,000	6,00,000	Depreciation being non-cash expenditure, has not been considered in the calculation of funds availability position of the school.
Smart Class/Online charges	4,40,000	4,40,000	Neither Income nor expense has been considered on the assumption that earmarked levies are collected on no profit no loss basis
Transport expenses	4,50,000	4,50,000	
Total	14,90,000	14,90,000	

Note 5: In accordance with Section 10(1) of Delhi School Education Act 1973, scales of pay and allowance, medical facilities, pension gratuity, provident fund, and other prescribed benefits of the employees of a recognized private school shall not be less than those of the employees of the corresponding status in schools run by the appropriate authority.

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

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

As per school's reply, the school has submitted that the school has not implemented 7th CPC recommendations till date, so no arrear computed. Thus, the school is directed to implement the recommendations of 7th CPC in full within 30 days from the date of issue of the order. A strict action against the school would be initiated u/s 24(3) of DSEA, 1973 for non-compliance with the direction cited above.

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

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

AND WHEREAS, in the light of the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, the proposal of the school for 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 the order) that the sufficient funds are available with the school to carry out its operations for the academic session 2022-23.

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 **M.D.H. International School, C-1, Janakpuri, New Delhi-110058, (School Id-1618233)** 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 DSEA&R 1973 to comply with the following directions:

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

Non-compliance of the order or any direction herein shall be viewed seriously and will be dealt with in accordance with the provisions of section 24(4) of Delhi School Education Act, 1973 and Delhi School Education Rules, 1973.

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


(Jai Parkash)
Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi


To
The Manager/ HoS
M.D.H. International School,
C-1, Janakpuri,
New Delhi-110058, (School Id-1618233)

No. F.DE.15 (1596)/PSB/2023 / 8912 -8916

Dated: 18/10/23

Copy to:-

1. P.S. to Principal Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (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.


(Jai Parkash)
Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi