

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

No. F.DE.15 (1624)/PSB/2023/ 9468-9472

Dated: 13/11/23

Order

WHEREAS Kamal Public Senior Secondary School, (SchoolID-1618246), D-Block, Vikaspuri, Delhi - 110018 (hereinafter referred to as "the School"), run by the Kamal Educational & Welfare 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, 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 19th 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/(639)/PSB/2022/3825-3829 dated 31.05.2022 issued for FY 2018-

19 and Order No. F.DE.15/ (638)/PSB/2022/3830-3834 dated 31.05.2022 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 Rule 177 of DSER, 1973 states *"income derived by an unaided private recognized 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:*
 - i. *Pension, gratuity and other specified retirement and other benefits admissible to the employees of the school;*
 - ii. *The needed expansion of the school or any expenditure of a developmental nature;*
 - iii. *The expansion of the school building or for the expansion or construction of any building or establishment of hostel or expansion of hostel accommodation;*
 - iv. *Co-curricular activities of the students;*
 - v. *Reasonable reserve fund, not being less than ten percent, of such savings."*

In order No. F.DE. 15/(639)/PSB/2022/3825-3829 dated 31.05.2022 issued for FY 2018-19 and order No. F.DE.15/ (638)/PSB/2022/3830-3834 dated 31.05.2022 issued for FY 2019-20 it was stated that on review of the audited financial statements of FY 2017-18 and FY 2018-19, it was noted that the School had taken secured loans for purchase of buses and utilised School funds for repayment of loan and interest thereon. The school incurred the above expenditure without complying with the requirement of Rule 177 of DSER, 1973. In FY 2019-20 also, the school has utilized school funds for payment of loan and interest thereon.

As per Rule 177 of DSER 1973, income of the school at first instance should be used for meeting the establishment cost including the retirement benefit payable to the staff and if there is any balance the same can be utilized for meeting the capital and contingent nature expenses of the School. From the above, it is clear that the School has utilised the School funds for purchase of buses and has submitted the proposal for increase of fee from students that translates capital expenditure as component of the fee structure of the School. Moreover, the School should have invested equivalent amount for retirement benefit in the plan assets within the meaning of AS-15. The details of School funds utilized for repayment of loan are as follows:



Year	Installment	Remarks
2019-20	1,28,524	As per receipt and payment account
2017-18	14,74,705	As per previous years' orders No. F.DE. 15/(639)/PSB/2022/3825-3829 dated 31.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (638)/PSB/2022/3830-3834 dated 31.05.2022 issued for FY 2019-20
2018-19	6,66,582	
2014-15	14,62,939	
2015-16	12,28,639	
2016-17	4,65,908	
Total	54,27,297	

Accordingly, the School is instructed to recover INR 54,27,297 (INR 52,98,773 plus INR 1,28,524) (as per previous order and recent observation) from the Society within 30 days from the date of issue of the order as the school fund was used for repayment of loan without complying with the requirement of Rule 177 of the DSER 1973.

2. 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:

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

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

The DoE in its Order No. F.DE. 15/(639)/PSB/2022/3825-3829 dated 31.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (638)/PSB/2022/3830-3834 dated 31.05.2022 issued for FY 2019-20, directed to the school to invest equivalent amount in plan assets as per the requirement of AS-15 issued by ICAI.

From the record submitted by the school, it has been noted that the school has not deposited equivalent amount in plan assets in terms of AS-15. The school submitted that "School is not able to invest amount of liability determined by the actuary due to paucity of fund....".

The school is again directed to invest an amount equivalent to liability determined by the actuary in plan assets as per the requirement of AS-15 issued by ICAI within 30 days from the date of issue of the order. Also, the school has budgeted an amount of INR 18,50,000 for gratuity and leave encashment and the same has not been considered in the fund position of the school.

3. 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 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."

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school has not transferred any amount to the credit of Income and Expenditure Account equivalent to the depreciation charged on fixed purchased out of development fund from the deferred income account.

Further, as per para 67 of the Guidance Note on Accounting by Schools issued by Chartered Accountants of India, "The financial statements should disclose, inter alia, the historical cost of fixed assets." However, in the audited financial statements for FY 2019-20 to 2021-22 it is noted that the school reported fixed assets purchased from general reserve at the written down value and the fixed assets purchased out of development fund are shown at gross value.

Thus, the school is directed to disclose all fixed assets at gross (historic) value on the face of Balance sheet on the assets side and accumulated depreciation as depreciation reserve on the liability side. Also, school need to ensure compliance of para 99 of the guidance note.

B. Other Suggestions for Improvement

- I. 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 on collections for specific purposes shall be spent only for such purpose."

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

for which they are being charged."

Clause no. 9 of the afore mentioned 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 the order"*

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

Also, earmarked levies collected from students are 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).

From the information provided by the school and taken on record, it has been noted that the school charges earmarked levies in the form of transport fees, smart class fees, and software charges from the students. However, the school has not maintained separate fund accounts for these earmarked levies and the school has been generating surplus from these earmarked levies that has been utilised for meeting other expenses of the school or has been incurring losses (deficit), which has been met from other fees/income. Details of calculation of surplus, based on breakup of expenditure provided by the school for FY 2019-20, 2020-21 & 2021-22 is given below:

(Amount In INR)			
Particulars	Transport Fees	Software Charges	Smart Class Fees
For the year 2019-20			
Fee Collected during the year (A)	13,541,765	1,252,750	4,394,500
Expenses during the year (B)	11,712,455	1,234,964	4,459,836
Difference for the year (A-B)	1,829,310	17,786	(65,336)
For the year 2020-21			
Fee Collected during the year (A)	-	501,214	-
Expenses during the year (B)	1,774,973	564,336	804,850
Difference for the year (A-B)	(1,774,973)	(63,122)	(804,850)
For the year 2021-22			
Fee Collected during the year (A)		1,168,658	
Expenses during the year (B)	1,647,626	484,208	502,153
Difference for the year (A-B)	(1,647,626)	684,450	(502,153)

Similar observations were also noted in the Directorate's Order No. F.DE. 15/(639)/PSB/2022/3825-3829 dated 31.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (638)/PSB/2022/3830-3834 dated 31.05.2022 issued for FY 2019-20 which the school has yet to comply with.

Based on the above-mentioned provisions, earmarked levies are to be collected only from the user students availing 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).

Further, based on the fact that the fee head of 'software charges' has not been defined for recognised private unaided school and the purposes for which the school has utilised the same is covered under 'Annual Charges' collected by the school from the students. Therefore, the school is directed not to collect 'software charges' separately from students with immediate effect. 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 there of tantamount to profiteering and commercialization of education as well as charging of capitation fee in other form.

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

Unintentional surplus, if any, generated from earmarked levies has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies during subsequent 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 form 2 of Right of Children to Free and Compulsory Education Act 2009, the schools are required to maintain the liquidity in the form of investment for 3 months' salary and this amount should be invested in joint name of Dy. Director (Education) and Manager of the school.

Based on aforesaid provision, school has created salary reserve in its financial statement. However, no amount equivalent to the reserve maintain was deposited in the joint name of the Manager, School and the Dy Director of Education.

Therefore, the School is again directed to create corresponding amount of salary reserve in the form of fixed deposit in the joint name of Dy. Director (Education) and manager of school.

3. The school has prepared a Fixed Asset register (FAR) that only captures asset name, date and amount. The school should also include details such as supplier name, invoice number, manufacturer's serial number, location, purchase cost, other costs incurred, depreciation,

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identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place.

In Directorate's Order No. F.DE. 15/(639)/PSB/2022/3825-3829 dated 31.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (638)/PSB/2022/3830-3834 dated 31.05.2022 issued for FY 2019-20, the school was directed to update the FAR with details mentioned above. The above being a procedural finding, no financial impact is warranted for deriving the fund position of the school.

In compliance report, the school confirmed that it will update the FAR as per there commendations of the Directorate. The school is again directed to update the FAR with details mentioned above. The above being a procedural finding, no financial impact is warranted for deriving the fund position of the school. The school is directed to ensure to update the FAR within 30 days from the date of issue of the order.

4. 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 for children belonging to EWS category. Since, the School is not complying with the aforesaid order, the concerned DDE are required to look into the matter. The admission allowed under EWS/Free ship during the FY 2019-20 to FY 2021-22 are as under:

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
EWS Students	267	284	325
Total Students	2189	2289	2246
% of EWS Students	12%	12%	14%

5. As per Appendix II to Rule 180 (I) 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 31stJuly.

On account of number of complaints received by the Institute of Chartered Accountants of India (ICAI) regarding signatures of Chartered Accountants(CAs) being forged by non-CAs and corresponding findings by ICAI that financial documents/certificates attested by third person misrepresenting themselves as Chartered Accountants (CA) are misleading the Authorities and Stakeholders, ICAI, at its 379th Council Meeting, made generation of Unique Document Identification Number (UDIN) mandatory for every signature of Full time Practicing Chartered Accountants in phased manner for the following services:

- All Certificates with effect from 1 Feb 2019
- GST and Income Tax Audit with effect from 1 Apr 2019
- All Audit and Assurance Functions with effect from 1 Jul 2019

Therefore, generation of UDIN has been made mandatory for all audit and assurance functions like documents and reports certified/ issued by practicing Chartered Accountants from 1 Jul 2019.The UDIN System has been developed by ICAI to facilitate its members for verification and certification of the documents and for securing documents and authenticity thereof by Regulators.

Further, ICAI issued an announcement on 4 June 2019 for the attention of its members with the requirement of mentioning UDIN while signing the Audit Reports effective from 1 Jul 2019, which stated " *With a view to bring uniformity in the manner of signing audit reports by the members of ICAI, it has been decided to require the members of ICAI to also mention the UDIN immediately after the ICAI's membership number while signing audit reports. This requirement will be in addition to other requirements relating to the auditor's signature prescribed in the relevant law or regulation and the Standards on Auditing.*

Standard on Auditing (SA) 700 (Revised)-'Forming an Opinion and Reporting on Financial Statements' notified by the Institute of Chartered Accountants of India include formats for issuing audit opinions on the financial statements by practicing Chartered Accountants.

Also, para 47 of SA 700 states "*The auditor's report shall be dated no earlier than the date on which the auditor has obtained sufficient appropriate audit evidence on which to base the auditor's opinion on the financial statements, including evidence that:*

- i. *All the statements that comprise the financial statements, including the related notes, have been prepared; and*
- ii. *Those with the recognized authority have asserted that they have taken responsibility for those financial statements."*

The financial statements for FY 2018-2019 submitted by the School along with Audit Report signed by Chartered Accountant did not cite UDIN, as mandated by ICAI. Further, the Chartered Accountant failed to mention the date of signing on the audit report, balance sheet and income and expenditure account. However, notes to accounts enclosed with the financial statements were signed on 27.07.2019. Further, the audit report issued by the auditor is not in accordance with the format prescribed under SA 700 since it fails to draw reference to applicable accounting standards or Generally Accepted Accounting Principles and does not give opinion on the true and fair view of state of affairs of the School, surplus/deficit during the year and cash flows during the year. Therefore, authenticity of the audit and that of the financial statements for FY 2018-2019 submitted by the School could not be verified.

While the School has not complied with the statutory requirement of submission of audited final accounts and has submitted unauthentic final accounts, these financial statements for FY 2018-2019 have been taken on record by the Directorate and the same have been considered for evaluation of the fee increase proposal of the School assuming the same as unauthentic financial statements.

The Directorate in its Order No. F.DE. 15/(639)/PSB/2022/3825-3829 dated 31.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (638)/PSB/2022/3830-3834 dated 31.05.2022 issued for FY 2019-20, instructed the school to ensure the compliance of mentioning UDIN by the Chartered Accountants. The school has submitted that it has already started the compliance of the above directions and UDIN has been duly stated in the financial statements submitted by the school for FY 2019-20 to 2021-22 by the auditor of the school. The submission of the school is taken on record and considered.



The School was further directed to ensure that the audit opinions issued on its future final accounts by practicing Chartered Accountant comply with the requirements enunciated by their regulatory body i.e. The Institute of Chartered Accountants of India including compliance with SA 700 and generation of UDIN.

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

The Directorate in its Order No. F.DE. 15/(639)/PSB/2022/3825-3829 dated 31.05.2022 issued for FY 2018-19 and Order No. F.DE.15/ (638)/PSB/2022/3830-3834 dated 31.05.2022 issued for FY 2019-20, it was directed to the School to provide such details in compliance with AS-18 (Related party disclosures).

In compliance report, the school submitted that "the school had no transactions, whatsoever, with any party falling under "Related Party" as described in the said Guidance Note on Accounting by schools."

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 **11,17,21,067** out of which cash outflow in the FY 2022-23 is estimated to be INR **11,28,69,969**. This results in deficit of INR **11,48,902** for FY 2022-23 after all payments. The details are as follows:

Particulars	Amount (in INR)
Cash and Bank balances as on 31.03.22 as per Audited Financial Statements	1,84,41,055
Investments as on 31.03.22 as per Audited Financial Statements	27,58,949
Liquid Funds as on 31.03.2022	2,12,00,004
<u>Add:</u> Recovery from the society for expenditure incurred on repayment of vehicle loan (Refer Financial Suggestions for Improvement no. 1)	5,427,297
<u>Add:</u> Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	88,257,813
<u>Add:</u> Other Income for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	8,52,798
<u>Add:</u> Additional Income of Annual Charges and Development Fund (Refer Note 3 Below)	30,76,178
<u>Add:</u> Additional Fees due to increase in fee @14% from 01.07.2022 (Refer Note 4 Below)	94,02,017
<u>Less:</u> Arrears of Annual Charges and Development Charges of FY 2020-21 collected in FY 2021-22 (Refer Note 5 Below)	17,19,050
Total Available Funds for FY 2022-23	12,64,97,056
Less: FDRs as on 31.03.2022 (Refer Note 1 Below)	4,16,800
Less: Development Fund balance as on 31.03.2022	24,13,264
Less: Salary reserve for 4 months' (refer Note 6 below)	1,19,45,925

Particulars	Amount (in INR)
Net Available Funds for FY 2022-23 (A)	11,17,21,067
Less: Budgeted expenses for the session 2022-23	9,02,14,930
Less: Salary Arrears of 7th CPC as per school's submission (Refer Note 7 below)	2,26,55,039
Total Estimated Expenditure for FY 2022-23 (B)	11,28,69,969
Net Deficit (A-B)	11,48,902

Note 1: The detail of fixed deposit (Specific Fund) 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, School and the Secretary, CBSE	2,00,000	Deducted while calculating available funds of the school.
FDR in the joint name of Manager, School and the Dy. Director of Education	2,16,800	
Total	4,16,800	

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 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	69,035,164	69,035,164	As per reconciliation 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 30,76,178 has been considered.
Annual Charges	8,706,948	10,243,468	
Development Charges	8,724,726	10,264,384	
Total	86,466,838	89,543,016	

Note 4: The school was allowed to increase fee 6% vide Order No. F.DE. 15/(639)/PSB/2022/3825-3829 dated 31.05.2022 issued for FY 2018-19 and 8% vide Order No. F.DE.15/(638)/PSB/2022/3830-3834 dated 31.05.2022 issued for FY 2019-20, from 1st July, 2022. School has submitted that it has increased the fee @14% 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 Estimated Fee	Increased fee (with fee increase @14% for 9 months)
Tuition fees	69,035,164	-	69,035,164	76,283,856
Annual Charges	8,706,948	1,536,520	10,243,468	11,319,032
Development Fee	8,724,726	1,539,658	10,264,384	11,342,144
Total	86,466,838	3,076,178	89,543,016	98,945,032
Impact of fee increase				9,402,017

Note 5: 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	859,024
Development Fee	860,026
Total	1,719,050

Note 6: The schools has submitted the undertaking vide letter dated 19.05.2023 that it will deposit and maintain an FDR equivalent to the 4 months' salary as reserve in the joint name of Dy. Director, Education, Distt. and the Manager, School amounting INR 1,19,45,925. The school is directed to ensure to deposit and maintain FDRs with above stated amount and submit the copy of the FDR with compliance report within 30 days from the date of issue of the order.

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.

As per school's reply during hearing, it has already implanted the recommendations of 7th CPC from FY 2019 and has submitted the details of arrears payable to the staff upto March 2019 amounting to INR 2,26,55,039. Thus, the same has been considered while deriving the fund position of the school and the school is directed to release the amount of 7th CPC salary arrears to all staff 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 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 utilized 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 DSEAR, 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 not available with the school to carry out its operations for the academic session 2022-23.

AND WHEREAS, it is noticed that the school has incurred INR 54,27,297 departments from time to time. Therefore, the school is directed to recover the aforesaid amount from society/management. The receipts along with copy of bank statements showing receipt of the above-mentioned amount should be submitted with DoE, in compliance of the same, within 30 days from the date of issue of the order. Non-compliance with this direction shall be viewed seriously as per the provision of DSEA&R, 1973 without providing any further opportunity of being heard.

AND WHEREAS, 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 5% to be effective from 01 April 2023.

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 **Kamal Public Senior Secondary School, (School ID-1618246), D-Block, Vikaspuri, Delhi - 110018** filed by the school in response to the Order No. F.DE.-15(40)/PSB/2019/4440-4412 dated 08.06.2022 for the academic session 2022-23, is accepted by the Director (Education) with the above conclusion and suggestions and the school is allowed to increase the fee by 5% for session 2022-23 to be effective from 01.04.2023.

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



1. To increase the fee by 5% from the specified date i.e. 01.04.2023.
2. To ensure payment of salary is made in accordance with the provision of Section 10 (1) of the DSEA, 1973. Further, the scarcity of funds cannot be the reason for non-payment of salary and other benefits admissible to the teachers/ staffs in accordance with section 10 (1) of the DSEA, 1973. Therefore, the Society running the school must ensure payment to teachers/ staffs accordingly.
3. To utilize the fee collected from students in accordance with the provisions of Rule 177 of the DSER, 1973 and orders and directions issued by this Directorate from time to time.

Non-compliance of 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
Kamal Public Senior Secondary School (SchoolID-1618246),
D-Block, Vikaspuri, Delhi-110018

No. F.DE.15 (1624)/PSB/2023 / 9468-9472

Dated: 13/11/23

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