

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

No. F.DE.15 (3/6)/PSB/2023/ 3/64-3/68

Dated: 13/04/23

**Order**

WHEREAS, St. Marks Senior Secondary School (School ID: 1618249), Janakpuri Marg, Janakpuri, New Delhi -110058 (hereinafter referred to as "the School"), run by the Saint Marks Christian Educational 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 for the ensuing academic session under section 17(3) of the DSEAR, 1973 with the Directorate. Such a statement is required to indicate the estimated income of the school to be derived from fees, estimated current operational expenses towards salaries and allowances payable to employees etc. in terms of rule 177 (1) of the DSEAR, 1973.

AND WHEREAS, as per section 18(5) of the DSEAR, 1973 read with sections 17(3), 24 (1) and Rule 180 (3) of the above DSEAR, 1973, responsibility has been conferred upon the DoE to examine the audited financial statements, books of accounts and other records maintained by the school at least once in each financial year. Sections 18(5) and 24(1) and rule 180 (3) of DSEAR, 1973 have been reproduced as under:

*Section 18(5): 'the managing committee of every recognized private school shall file every year with the Director such duly audited financial and other returns as may be prescribed, and every such return shall be audited by such authority as may be prescribed'*

*Section 24(1): 'every recognized school shall be inspected at least once in each financial year in such manner as may be prescribed'*

*Rule 180 (3): 'the account and other records maintained by an unaided private school shall be subject to examination by the auditors and inspecting officers authorized by the Director in this behalf and also by officers authorized by the Comptroller and Auditor-General of India'*

Thus, the Director (Education) has the authority to examine the full statement of fees filled under section 17(3) of the DSEA, 1973 and returns and documents submitted under section 18(5) of DSEA, 1973 read with rule 180 (1) of DSER, 1973.

AND WHEREAS, besides the above, the Director (Education) is also required to examine and evaluate the fee hike proposal submitted by the private unaided recognized schools which have been allotted land by the DDA/ other land-owning agencies with the condition in their allotment to seek prior approval from Director (Education) before any increase in fee.

AND WHEREAS, the Hon'ble Supreme Court in the judgment dated 27.04.2004 held in Civil Appeal No. 2699 of 2001 titled Modern School Vs. Union of India and others has conclusively decided that under sections 17(3), 18(4) read along with rules 172, 173, 175 and 177, the DoE has the



authority to regulate the fees and other charges, with the objective of preventing profiteering and commercialization of education.

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

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

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

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

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

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

AND WHEREAS, in pursuance to Order dated 08.06.2022 of the DoE, the School submitted its proposal for enhancement of fee for the academic session 2022-23. Accordingly, this Order dispenses the proposal for enhancement of fee submitted by school for the academic session 2022-23.

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

AND WHEREAS, in the process of examination of the fee hike proposal filed by the aforesaid school, necessary records and explanations were also called from the school through email dated 23.11.2022. The school was also provided an opportunity to be heard on 02.12.2022 to present its justifications/clarifications on the fee increase proposal. Based on the discussion with the school during a personal hearing, the school was further asked to submit the necessary documents and clarification on various issues noted. In the aforesaid personal hearing, compliance of Order No. 15/(702)/PSB/2022/4295-4299 dated 07.06.2022 issued for FY 2018-19 and Order No. 15/(702)/PSB/2022/4285-4289 dated 07.06.2022 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 Suggestion for Improvements

1. As per direction no. 2 included in the Public Notice dated 04.05.1997, *"it is the responsibility of the society who has established the school to raise such funds from their own sources or donations from the other associations because the immovable property of the school becomes the sole property of the society"*. Additionally, Hon'ble High Court of Delhi in its judgement dated 30.10.1998 in the case of Delhi Abibhavak Mahasangh concluded that *"The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society."* Also, Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10.02.2005 issued by this Directorate states *"Capital expenditure cannot constitute a component of the financial fee structure."*

Moreover, Rule 177 of DSER, 1973 states that *"income derived by an unaided recognised school by way of fees shall be utilised in the first instance, for meeting the pay, allowances and other benefits admissible to the employees of the school. Provided that savings, if any, from the fees collected by such school may be utilised by its management committee for meeting capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely award of scholarships to students, establishment of any other recognised school, or assisting any other school or educational institution, not being a college, under the management of the same society or trust by which the first mentioned school is run. And the aforesaid savings shall be arrived at after providing for the following, namely:*

- a) *Pension, gratuity and other specified retirement and other benefits admissible to the employees of the school;*
- b) *The needed expansion of the school or any expenditure of a developmental nature;*
- c) *The expansion of the school building or for the expansion or construction of any building or establishment of hostel or expansion of hostel accommodation;*
- d) *Co-curricular activities of the students;*
- e) *Reasonable reserve fund, not being less than ten percent, of such savings.*

Accordingly, based on the aforementioned public notice and High Court judgement, the cost relating to land and construction of the school building has to be met by the society, being the property of the society and school funds i.e. fee collected from students is not to be utilised for the same.

In order No. 15/ (702)/PSB/2022/4285-4289 dated 07.06.2022 issued for FY 2018-19 and Order No. 15/ (702)/PSB/2022/4285-4289 dated 07.06.2022 issued for FY 2019-20, it was noted that in FY 2018-19 the school incurred capital expenditure on construction of building out of school funds amounting to INR 51,49,427. Moreover, the school had not implemented the recommendations of 7<sup>th</sup> CPC for payment of liabilities and had not ensured its statutory liability towards gratuity and leave encashment and the school preferred to incur expenditure of capital nature (which would otherwise will be responsibility of the society). Thus, school should refrain itself from incurring expenditure on school building and land as this is the responsibility of the society as per the aforesaid provisions.

The school admitted that this expenditure is related to the approval of building construction plan to MCD and the architect fee. In FY 2021-22 the school has incurred capital expenditure



for INR 1,57,19,175 and shown it as Capital Work in progress. The school was asked to submit the copies of invoices for this expenditure which it has not submitted. It is also noted that the school has advanced a sum of INR 26,00,000 to the contractor Shiva Constech Pvt. Ltd. for construction of building.

Further, school has taken two nearby buildings on rent. One building was taken on rent from 01.01.2022 at the monthly rent of INR 6,49,000 (including GST of INR 99,000) from 01.01.2022 to 31.12.2023. Second building is taken on rent from 01.04.2022. In FY 2021-22 school funds INR 19,47,000 were utilised for payment of rent towards first building. Moreover, in FY 2021-22 school has paid INR 33,00,000 to the landlords as security deposit for building taken on rent and INR 3,00,000 as commission to the agent for building taken on rent.

It is clear that construction of new building is going on which is the sole responsibility of the society. The burden of rent, security deposit and commission have been imposed on the students and school funds are deployed for construction of building, payment of rents, commission, advance to contractor and security deposit to landlords, etc. Had there been no construction of building there may not be any requirement of taking any premises on rent. The rental cost and other incidental costs should also be borne by the society. All the aforesaid expenditures are incurred out of school funds which mandatorily are to borne by the society. The school funds have been misutilised without ensuring the full payments of salary and salary arrears as per 7<sup>th</sup> CPC and investing monies for statutory liabilities for gratuity and leave encashment. In this regard, it is to be noted that Rule 177 (1) clearly requires that, *"...fees shall be utilised in the first instance, for meeting pay, allowances and other benefits admissible to the employees of the school;"* and while the funds have been used for all purposes except for paying staff dues as per 7<sup>th</sup> CPC.

Moreover, proviso to Rule 177(1) further clarifies the legal position with regard to utilisation of school fees and states that only savings can be utilised for capital expenditure. The proviso to Rule 177(1) states, *"Provided that savings, if any from the fees collected by such school may be utilised by its managing committee for meeting capital or contingent expenditure of the school, ...."*

The construction of building is nothing but an expenditure of capital nature. The Hon'ble Supreme Court in the matter of Modern School vs Union of India (2004) has clearly explained the legal position for utilisation of fees by the school and concludes, *".....Therefore, Rule 177 deals with application of income and not with accrual of income. Therefore, Rule 177 shows that salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings. Therefore, capital expenditure cannot constitute a component of the financial fee structure as is submitted on behalf of schools. It also shows that salaries and allowances are revenue expenses incurred during the current year whereas capital expenditure/ capital investments have to come from the savings, if any, ...."*

Accordingly, the capital expenditure of INR 51,49,427 incurred in 2018-19 and INR 1,57,19,175 incurred in FY 2021-22, advance paid to contractor amounting INR 26,00,000, rent paid in 2021-22 amounting INR 19,47,000, security deposit paid to landlords amounting INR 33,00,000 and commission paid INR 3,00,000 are hereby added to the fund position of the school considering the same as funds available with the school with the direction to recover such amount from the society within 30 days from the date of issue of this order. The school is also directed to submit the details of expenditure booked as 'Capital work in progress' along





copy of ledgers, contract with suppliers, contractors and copies of invoices. The school is also directed not to utilise school funds for construction of school building.

Also, in the budget for FY 2022-23 the school has proposed expenditure of INR 1,44,94,487 for Rent, rates and taxes which include amount of INR 10,56,012 for house tax and the remaining amount of INR 1,34,38,475 is budgeted for the rent on buildings. Amount budgeted for rent on buildings have not been considered while deriving the fund position of the school.

2. In order No. 15/ (702)/PSB/2022/4285-4289 dated 07.06.2022 issued for FY 2018-19 and Order No. 15/ (702)/PSB/2022/4285-4289 dated 07.06.2022 issued for FY 2019-20, it was noted that from FY 2016-17 to FY 2018-19, the school hired external vendors to provide services related to Smart class hardware, SMS charges for smart class, hiring and maintenance charges of computer hardware and work force solutions on a monthly basis with following details of vendors:

Vendor Name	Services	Period of Contract
Star Worldwide Infotech Ltd	To provide smart class hardware and Software content, Auxiliary education services, work force solution, maintenance and support system to hardware and software installed in the school.	01/04/2014 to 31/03/2017
Technologica Infotech Ltd	To provide smart class hardware and Software content, Auxiliary education services, work force solution, maintenance and support system to hardware and software installed in the school.	01/04/2017 to 31/03/2018
Technologica Infotech Ltd	To provide smart class hardware and Software content, Auxiliary education services, maintenance and support system to hardware and software installed in the school. (Contract for workforce solution was entered separately)	01/04/2018 to 31/03/2019
Technologica Infotech Ltd	To provide Temporary staffing services	01/04/2018 to 31/03/2019
Future Edu Solutions	To provide Temporary staffing services	01/11/2018 to 31/03/2021

It was noted that the school entered into a contract with Star Worldwide Infotech Ltd from 01<sup>st</sup> April 2014 to 31<sup>st</sup> March 2017 for availing smart class hardware and Software content, Auxiliary education services, maintenance and support system to hardware and software installed in the school at total cost of INR 21,00,000 per month exclusive of taxes. After termination of this contract, the school entered into a contract with Technologica Infotech Ltd (a related party of Star Worldwide Infotech Ltd) for the period 01<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018 for availing similar services as Star Worldwide Infotech Ltd was providing at a total cost of INR 14,50,000 per month exclusive of taxes. After this, a new contract was entered with Technologica Infotech Ltd for availing the abovementioned services except work force solution/temporary staffing services at a total cost of INR 10,21,650 exclusive of taxes and for the temporary staffing services, a separate contract was entered with the same vendor at a cost of Salary + 50% markup on salary.



On scrutiny of ledger accounts and review of the supporting documents submitted by the school, it was noted that school was paying INR 21,00,000 per month to Star Worldwide Infotech Ltd from 01/04/2014 to 31/03/2017 for provide smart class hardware and Software content, Auxiliary education services, work force solution, maintenance and support system to hardware and software installed in the school. On comparison of contracts, it was noted that another vendor named as Technologica Infotech Ltd was providing same services and charging INR 14,50,000 per month from the school. Further, it was noted that both the above vendors were related to each other as having common Authorised Signatory. Hence, paying INR 21,00,000 per month for the similar services which could be availed in INR 14,50,000 per month was not justified. Therefore, the excess amount paid to Star Worldwide Infotech Ltd during FY 2014-15 to FY 2016-17 as calculated in table below was considered as amount available with the school and direction was given to the school to recover this amount from the society.

Particulars	Amount (In INR)
Amount paid to Star Worldwide Infotech Ltd from 01/4/2014 to 31/03/2017 (i.e. 21,00,000*36 months) [A]	7,56,00,000
Add: GST @ 18% on above cost [B]	1,36,08,000
<b>Total Amount Paid [C=A+B]</b>	<b>8,92,08,000</b>
Less: Amount allowed to the extent quoted by Technologica Infotech for the similar work as per the agreement entered in Apr 2017 (i.e. INR 14,50,000*36 months) [D]	5,22,00,000
Less: GST @ 18% [E]	1,36,08,000
<b>Total Amount to be disallowed [F=C-D-E]</b>	<b>2,34,00,000</b>

Further, school had paid commission to Vendor- Technologica Infotech Ltd and Future Edu Solutions for providing Temporary staffing services. Technologica Infotech Ltd was charging markup @ 50% and Future Edu Solutions was charging markup @ 40% on salary. Paying commission @ 50% or 40% of salary cannot be treated as justified, hence the same was restricted to 10% of salary amount. Accordingly, amount of commission charges paid to Technologica Infotech Ltd and Future Edu Solutions in excess of 10% was disallowed and INR 68,98,422 was considered as amount available with the school and direction was given to the school to recover this amount from the society. The school was directed to recover total of INR 3,02,98,422 (i.e INR 2,34,00,000 and INR 68,98,422) from the society within 30 days from the date of issue of the orders dated 07.06.2022.

School has accepted that both Star Worldwide Infotech Ltd. and Technologica Infotech Ltd. are same company and the name of Star Worldwide Infotech Ltd was changed to Technologica Infotech Ltd. It is further submitted that, "...during academic session FY 2014-15, Star Worldwide Infotech Ltd. incurred huge capital expenditure for installing new computer hardware and best digital content for smart class at that point of time. Hence, the charges during the period were higher in comparison to subsequent years..."

There are multiple vendors are available in the market and they offer very competitive prices for hardware and digital contents. The vendor in this case is a related party to the society/ management and it appears that the principles of 'arm lengths' pricing' may have not be followed in the letter and spirit. It does not seem that vendor was serving any except this school



and thus, due to relationship between the parties was able to charge amounts as per convenience. Thus, the aforesaid amounts are stand recoverable from the society.

School has also submitted that markup of 50% and 40% is the normal market practice which is not the case. No such practice was noted by the department while evaluating fee proposals of the other schools. Thus, excess mark up paid to the vendors from 01.04.2018 to 31.03.2022 have been added as funds available with the school. The calculation is as follows:

Particulars	Amount (In INR)
Amount paid to Technologica infotech ltd. From 01.04.2018 to 31.10.2018 (Salary + 50% Markup on Salary) [A]	23,68,072
Amount paid to Future Edu Solutions From 01.11.2018 to 31.03.2019 (Salary + 40% Markup on Salary) [B]	18,38,377
Amount paid to Future Edu Solutions From 01.04.2019 to 31.03.2020 (Salary + 40% Markup on Salary) [C]	44,93,539
Amount paid to Future Edu Solutions From 01.04.2020 to 31.03.2021 (Salary + 40% Markup on Salary)^ [D]	32,79,978
Amount paid to Future Edu Solutions From 01.04.2021 to 31.03.2022 (Salary + 40% Markup on Salary)^ [E]	34,31,107
<b>Total Amount paid to vendors [F=A+B+C+D+E]</b>	<b>1,54,11,073</b>
<b>Excess commission disallowed</b>	
Commission in excess of 10% paid to Technologica infotech ltd. [A]	6,31,486
Commission in excess of 10% paid to Future Edu Solutions [B]	3,93,938
Commission in excess of 10% paid to Future Edu Solutions [C]	9,62,901
Commission in excess of 10% paid to Future Edu Solutions [D]	7,02,852
Commission in excess of 10% paid to Future Edu Solutions [E]	7,35,237
<b>Total Amount of Commission to be Disallowed</b>	<b>34,26,415</b>

^The school has not submitted the details of salary paid and mark-up paid in 2020-21 and 2021-22 along with the copy of agreement with the vendor. Thus, it is presumed that it has paid mark up @40% while calculating the excess commission.

The school is directed to recover total of INR **2,68,26,415** (i.e., INR 2,34,00,000 and INR 34,26,415) from the society within 30 days from the date of issue of this order. Further, the school has budgeted INR 36,00,000 for work force solution charges. Presuming that the school has budgeted this expense with salary +40% mark up, only 10% has been considered in the budgeted expenses and the remaining amount was not considered.

- On review of ledger of Future Edu Solutions (a Proprietorship firm) from 01.04.2019 to 31.03.2022 it is noted that the school has availed three different types of services namely Work Force Solutions, SMS facility and Smart class charges and total amount of INR 3,33,79,185 was paid to this vendor in the period of three years. The school has not furnished the copies of agreements with the vendor for such services. As per GST portal, it appears that the vendor was registered with GST on 23.01.2019. It is not clear whether this vendor has the expertise, resources and capabilities to provide all these services to the school. It is also need to clarify why such service is required when school is already having qualified teaching staff and non-teaching staff and availing security and housekeeping services from another vendor. It is not clear what type of additional staff were hired through this vendor.



The school is directed to furnish the detailed justification for selection of this vendor for multiple works which demonstrates its experience, knowledge and expertise in providing all the above-mentioned services and the details/list of other clients (preferably schools) within 30 days from the date of this order.

Similarly, on review of ledger of another vendor namely Smart School Learning Solutions (a Proprietorship firm) from 01.04.2019 to 31.03.2022 it is noted that the school has availed service of Hiring and Maintenance of Computer Support System and total amount of INR 2,30,40,420 was paid to this vendor over the period of three years. The school has not furnished the copies of agreements with the vendor for such services. As per GST portal, it appears that the vendor was registered with GST on 22.05.2019 but has started to provide services from 01.04.2019 i.e., prior to the date of registration of registration. Further, it is not clear why the school need to hire computer support system though the school can easily purchase the same with the amounts paid so far. The role of this service needs to be clarified as there is a separate service provider for smart class and digital content. It is general market practice that the vendor who provides smart class and digital content also provides necessary hardware and equipment for smart classes and the rate charged by the school is inclusive of hardware and equipment rentals. The school is directed to furnish the detailed justification for selection of this vendor and demonstrates its experience, knowledge, expertise and the details/list of other clients (preferably schools) in providing such service within 30 days from the date of this order.

It is noted that the vendors' invoices of furnished by the school for Future Edu Solutions (a Delhi based Proprietorship firm), Smart School Learning Solutions (a Mumbai based Proprietorship firm) are found to be in same format and design during July 2020 to March 2022. Even the Smart School Learning Solution's invoices are showing "Subject to Delhi Jurisdiction". School is required to substantiate the authenticity of invoices of these vendors including the reason of using same jurisdiction within 30 days from the date of this order.

4. On review of financial statements for FY 2020-21 and 2021-22 it has been noted that the school has availed the overdraft facility from the bank and has been paying interest thereon. The outstanding balance of overdraft facility as at 31.03.2022 was INR 6,53,79,473. As mentioned in financial suggestion 1 and 2 above, the school funds are used in construction of building, rent, commission, security deposits, advances and for excess payments to vendors which comes to INR 5,58,42,017 in contravention of provisions of DSEA&R, 1973. The school was asked to submit the expense-wise details of utilisation of bank overdraft facility but no details are submitted. It appears that the overdraft facility is utilised for the above-mentioned purposes. The school is required to submit the details of utilisation of overdraft facility in comprehensive manner within 30 days from the date of this order. In case, school is failed to submit the same it will be treated that the bank overdraft facility was utilised in contravention of provisions of the DSEA & R, 1973 and the bank overdraft will not be considered in the funds position of the school.

Further, the school has paid interest of INR 49,30,537 from 2019-20 to 2021-22 which should not be burdened on the students as the school is failed to utilise their funds in accordance with the provisions of DSEA&R, 1973. Therefore, the school is directed to recover this amount from the society within 30 days from the date of issue of this order. The school has budgeted INR 45,00,000 as financial expenses (interest on overdraft facility) which has not been considered while calculating the fund position of the school.





5. In order No. 15/ (702)/PSB/2022/4285-4289 dated 07.06.2022 issued for FY 2018-19 and Order No. 15/ (702)/PSB/2022/4285-4289 dated 07.06.2022 issued for FY 2019-20, it was noted that from FY 2016-17 to FY 2018-19, it was noted that school had increased the tuition fee, development fee and annual charges charged from students every year from FY 2015-16 to FY 2019-20 without prior approval of the Directorate which is not in compliance of above-mentioned provisions.

The school submitted that it had not increased the fee. In FY 2015-16, the students were charged INR 4500 pm as tuition fees and the same was continued to charge in the subsequent years when such students promoted to the next class. The submission of the school is taken on record and considered.

6. 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:

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

Further, Para 60 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states "*A defined benefit scheme is a scheme under which amounts to be paid as retirement benefits are determined usually by reference to employee's earnings and/or years of service*".

An appropriate charge to the income and expenditure account for a year should be made through a provision for the accruing liability. The accruing liability should be calculated according to actuarial valuation. However, if a school employs only a few persons, say less than twenty, it may calculate the accrued liability by reference to any other rational method. The ensuing amount of provision for liability should then be invested in "*plan assets*" as per AS-15 issued by ICAI.

On review of documents submitted by the school post personal hearing, it is noted that the school has got the actuarial valuation report for its liability towards gratuity and leave encashment for FY 2021-22 and has recorded equivalent liability in the books of accounts. As per the financial statements of FY 2021-22, total liability towards retirement benefits was INR 9,41,03,659 as on 31.03.2022. However, no earmarked equivalent investments in plan assets against provision for retirement benefits have been made by the school as required by AS-15. Therefore, amount proposed by the school in budget towards provisions for retirement benefits have not been considered while deriving the fund position of the school. The school is directed to make an investment in plan assets equivalent to the liability determined by the actuary in accordance with AS-15 within 30 days from the date of issue of this order and submit the compliance report thereof.

7. As per Clause 14 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11.02.2009, "*Development Fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, upgradation and replacement of furniture fixtures and equipment's. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the*



*depreciation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund will be kept in a separately maintained Development Fund Account”.*

Further, Para 99 of Guidance Note 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.

In order No. 15/ (702)/PSB/2022/4285-4289 dated 07.06.2022 issued for FY 2018-19 and Order No. 15/ (702)/PSB/2022/4285-4289 dated 07.06.2022 issued for FY 2019-20, it was noted that the school incurred expenditure of INR 94,88,520 for payment of salaries during FY 2018-19 and reflected the same as utilisation of development fund which is not in accordance with clause 14. Further, based on the presentation made in the audited financial statements of FY 2016-17 to FY 2018-19, it was noted that the school instead of maintaining development fund utilization account and crediting deferred income in income & Expenditure account to the extent of the cost of the asset in proportion to the depreciation charged every year as required under para 99 of guidance note mentioned above, was transferring amount equivalent to the cost of assets purchased out of development fund to general fund which results in overstatement of general fund.

The school is failed to comply the above directions and continued the non-compliance of clause 14 of order dated 11.02.2009 and utilising development fund for payment of salaries. In FY 2021-22 development fund of INR 50,59,738 is used for salaries. Though the school has created the development utilization account but it failed to transfer an amount equivalent to the depreciation charged on the assets purchased out of development to the credit of Income and Expenditure Account in compliance of para 99.

Accordingly, school is directed to comply with the provisions of clause 14 of aforesaid order and para 99 of the Guidance note failing which school shall not be allowed to charge development fee in subsequent financial years. Further, the school is required to make necessary adjustments in Development Fund Account, Development Utilisation Fund Account and General Fund Account as the same shall be verified at the time of evaluation of proposal for enhancement of fee for subsequent year.

#### **B. Other Suggestion for Improvements**

1. 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.”

Clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11.02.2009 states that *Earmarked levies shall be charged from the user student only. Earmarked levies for the services rendered shall be charged in respect of facilities involving expenditure beyond the expenditure on the earmarked levies already being charged for the purpose. They will be calculated and collected on 'no profit no loss' basis and spent only for the purpose for which they are being charged. All transactions relating to the earmarked levies shall be an integral part of the school accounts*





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).

In order No. 15/ (702)/PSB/2022/4285-4289 dated 07.06.2022 issued for FY 2018-19 and Order No. 15/ (702)/PSB/2022/4285-4289 dated 07.06.2022 issued for FY 2019-20, it was noted that the school charges earmarked levies in the form of Transport fee, smart class fees, Laboratory fee, SMS charges and other receipts 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 utilised for meeting other expenses of the school, or has been incurring losses (deficit), which has been met from other fees/income.

On review of financial statements for FY 2021-22, it is noted that the school has charged Smart class fee and SMS charges from all the students. The details of calculation of surplus/deficit, based on breakup of expenditure provided by the school for FY 2021-22 is given below:

(Figures in INR)

Particulars	Smart Class	SMS Charges
<b>For the year 2021-22</b>		
Fee Collected during the year (A)	33,10,740	6,62,041
Expenses during the year (B)	61,59,600	12,31,920
<b>Difference for the year (A-B)</b>	<b>(28,48,860)</b>	<b>(5,69,879)</b>

The 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). From the record submitted by the school, it was noted the school has been collecting Smart class fee and SMS charges from all the students which loses the character of earmarked levies.

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.

Therefore, the school is directed to stop the collection of fee in the name of smart class and SMS charges with immediate effect.

Since, the school is not following fund based accounting in accordance with the provision cited above. The total fee (including earmarked fee) included in income and expenditure, have been considered in calculation of fund availability with the school and school is directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus/deficit, if any, generated from earmarked levies has to be utilised 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 structure for earmarked levies during the 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.

Further, school has budgeted expenditure amounting INR 79,59,912 and INR 17,68,872 for Smart class expenses and SMS expenses respectively. The annual collection of Smart class fee and SMS fee in FY 2021-22 were INR 33,10,740 and INR 6,62,041 respectively but the school has budgeted the expenditure against these receipts substantially without providing any reasonable justification. Accordingly, budgeted expenditure for Smart class and SMS have been restricted to the extent of actual receipts of fee in FY 2021-22 along with 15% increased fee for 9 months under Smart class and SMS charges amounting INR 36,83,198 and INR 7,36,521 respectively.

2. In order No. 15/ (702)/PSB/2022/4285-4289 dated 07.06.2022 issued for FY 2018-19 and Order No. 15/ (702)/PSB/2022/4285-4289 dated 07.06.2022 issued for FY 2019-20, it was noted that the school followed rates of depreciation as per Income tax Act, 1961 and not as per Appendix I of the guidance note as mentioned above.

The school was directed to follow rates of depreciation as mentioned in Appendix-I of Guidance note. The school submitted that it has started following the depreciation rates prescribed in the Appendix I of the guidance note from FY 2021-22. The submission of the school is considered and taken on record.

3. In order No. 15/ (702)/PSB/2022/4285-4289 dated 07.06.2022 issued for FY 2018-19 and Order No. 15/ (702)/PSB/2022/4285-4289 dated 07.06.2022 issued for FY 2019-20, it was noted that the school had no process in relation to calling of quotations from vendor, approval process, gate inward control and payment, only oral communication is done with the prospective suppliers and no documentation was done for the same. The school was not preparing any comparative statement for evaluating the quotations received from vendors and was not getting the same approved from the purchase committee. Also, there was no process of maintaining gate inward and outward register and stamping the invoice at entry gate. Accordingly, the school was directed to follow proper procurement process and maintain proper documentation in relation to procurements and purchases done by the school.

The school has submitted that it will comply these directions but has not furnished any details to substantiate the claim. The school is again directed to comply the aforesaid directions.





Compliance of the above shall be verified at the time of evaluation of proposal for fee enhancement for subsequent year.

4. On review of documents submitted by the school, it was noted that the school was not complying with the DOE Order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 and condition mentioned in the land allotment letter which provides for 25% reservation to children belonging to EWS category.

As per school, the details of EWS students and total students for FY 2021-22 are as follows:

Particulars	FY 2021-22
Total Students	3,088
EWS Students	660
% of EWS students	21.37%

From the table above, it is ascertained that school has not been complying with the directions of the Directorate to comply with the condition of land allotment letter of providing minimum 25% reservation to EWS category students. The DDE (District) may look into this matter and school is directed to comply with the directions as the same shall be verified at the time of evaluation of proposal for fee enhancement for subsequent financial year.

**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 is INR19,22,89,515 out of which the expected expenditures of the school would be INR 20,43,84,000 resulting in deficit of INR 1,20,94,485 for the FY 2022-23. The detailed calculation is as under:

Particulars	Amount (in INR)
Cash and Bank balances as on 31.03.22 as per Audited Financial Statements	7,06,559
Bank overdraft as on 31.03.2022 as per Audited Financial Statements	(6,53,79,473)
Investments as on 31.03.22 as per Audited Financial Statements (Refer Note 1 and 3 Below)	3,51,57,248
<b>Liquid Funds as on 31.03.2022</b>	<b>(2,95,15,666)</b>
Add: Amount recoverable from society for construction of building (Refer Financial Suggestion No. 1)	51,49,427
Add: Amount recoverable from society for construction of building/CWIP (Refer Financial Suggestion No. 1)	1,57,19,175
Add: Recovery from the society for expenditure found excessive and paid to related parties (Refer Financial Suggestion No. 2)	2,68,26,415
Add: Advance to contractor for construction of Building paid in FY 2021-22 (Refer Financial Suggestion No. 1)	26,00,000
Add: Rent paid in FY 2021-22 (Refer Financial Suggestion No. 1)	19,47,000
Add: Security deposit to landlord and commission paid (Refer Financial Suggestion No. 1)	36,00,000
Add: Interest on overdraft facility (Refer Financial Suggestion No. 4)	49,30,537
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 2 and 5 Below)	13,74,56,946



Particulars	Amount (in INR)
Add: Other income for FY 2021-22 as per Audited Financial Statements (Refer Note 3 and 5 Below)	48,29,353
Add: Additional income of annual charges and development fund (Refer Note No. 2 Below)	41,92,539
Add: Additional fees due to increase in fee@15% from 01.07.2022(Refer Note No. 4 below)	1,59,22,845
<b>Total Available Funds for FY 2022-23</b>	<b>19,36,58,571</b>
Less: Gratuity with LIC (Refer Financial Suggestion No. 6)	-
Less: Development fund balance as on 31.03.2022	-
Less: FDR in the joint name of Manager, School and the Secretary, CBSE as on 31.03.2022 (Refer Note 1 Below)	6,34,005
Less: FDR in the joint name of the Manager and Dy. Director of Education, Distt. as on 31.03.2022 (Refer Note 1 Below)	7,35,051
<b>Net Available Funds for FY 2022-23 - (A)</b>	<b>19,22,89,515</b>
Less: Budgeted expenses for the session 2022-23 (Refer Note 6 Below)	17,20,05,195
Less: Salary arrears of 7th CPC (Refer Note 7 Below)	3,23,78,805
<b>Total Estimated Expenditure for FY 2022-23 - (B)</b>	<b>20,43,84,000</b>
<b>Net Deficit (A-B)</b>	<b>1,20,94,485</b>

**Note 1:** The detail of fixed deposit held by the school as per the audited financial statements is provided below:

Particulars	As per AFS of FY 2021-22	Remarks
FDR in the joint name of the Manager and Dy. Director of Education, Distt.	7,35,051	Deducted as not available for utilization.
FDR in the joint name of Manager, School and the Secretary, CBSE	6,34,005	
FDR for Depreciation Reserve Fund and accrued interest thereon as on 31.03.2022	3,35,88,192	Refer note 3 below

**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.
- (iii) The above arrangement will also be applicable with respect to collection of fees for academic session 2021-22.

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

Particulars	Income as per AFS of FY 2021-22 Amount (INR)	Income Considered in the Above Table Amount (INR)	Remarks
Tuition Fee	10,85,28,261	10,85,28,261	
Annual Charges	99,09,781	1,16,58,566	The school recorded 85% of the income. Therefore, this has been grossed up.
Development fund	1,38,47,938	1,62,91,692	
<b>Total</b>	13,22,85,980 (A)	13,64,78,519 (B)	
<b>Difference (B-A)</b>		<b>41,92,539</b>	

**Note 3:** As per the Duggal Committee report, there are four categories of fees that can be charged by a private unaided school. The first category of fee comprised of "Registration fee and all one Time Charges" levied at the time of admissions such as admission charges and caution money. The second category of fee comprises 'Tuition Fee' which is to be fixed to cover the standard cost of the establishment and to cover the expenditure of revenue nature for the improvement of curricular facilities like library, laboratories, science, and computer fee up to class X and examination fee. The third category of the fee should consist of 'Annual Charges' to cover all expenditure not included in the second category and the fourth category consist of all 'Earmarked Levies' for the services rendered by the school and be recovered only from the 'User' students. These charges are transport fee, swimming pool charges, Horse riding, tennis, midday meals etc. This recommendation has been considered by the Directorate while issuing order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009.

The purpose of each head of the fee has already been defined and it is nowhere defined the usage of development fee or any other head of fee for investments against depreciation reserve fund. Further, Clause 7 of order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and clause 14 of the order no F.DE./15(56)/Act/2009/778 dated 11.02.2009, "development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixture and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund will be kept in a separately maintained Development Fund Account". Thus, the above direction provides for:

*D*



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

Thus, the creation of the depreciation reserve fund is a pre-condition for charging of development fee, as per above provisions and the decision of Hon'ble Supreme Court in the case of Modern School Vs Union of India & Ors.: 2004(5) SCC 583. Even the Clause 7 of the above direction does not require to maintain any investments against depreciation reserve fund. Also, as per para 99 of Guidance Note-21 'Accounting by School' issued by the Institute of Chartered Accountants of India states "where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure, the relevant asset account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year."

Accordingly, the depreciation reserve (that is to be created equivalent to the depreciation charged in the revenue account) is mere of an accounting head for the appropriate accounting treatment of depreciation in the books of account of the school in accordance with Guidance Note -21 issued by the Institute of Chartered Accountants of India. Thus, there is no financial impact of depreciation reserve on the fund position of the school. Accordingly, the depreciation reserve fund as reported by the school in its audited financial statements for the FY 2021-22 has not been considered while deriving the fund position of the school.

**Note 4:** The school was allowed to increase fee 7% and 8% vide order No. 15/ (702)/PSB/2022/4285-4289 dated 07.06.2022 issued for FY 2018-19 and Order No. 15/ (702)/PSB/2022/4285-4289 dated 07.06.2022 issued for FY 2019-20 respectively from 1<sup>st</sup> July, 2022. School has submitted that it has increased the fee @15% from 1<sup>st</sup> July 2022. Accordingly, additional income on account of fee increase will accrue to the school in FY 2022-23 and thus, following amount has been considered as funds available with the school:

Fee heads	Actual receipt in FY 2021-22	Grossed up	Total Expected fee without increase	Increased fee (with fee increase @15% for 9 months)
Tuition fees	10,85,28,261	-	10,85,28,261	12,07,37,690
Annual Charges	99,09,781	17,48,785	1,16,58,566	1,29,70,155
Development fees	1,38,47,938	24,43,754	1,62,91,692	1,81,24,507
Board Examination fees	10,85,100	-	10,85,100	12,07,174
Smart class charges	33,10,740	-	33,10,740	36,83,198
SMS charges	6,62,041	-	6,62,041	7,36,521
<b>Total</b>	<b>13,73,43,861</b>	<b>41,92,539</b>	<b>14,15,36,400</b>	<b>15,74,59,245</b>
<b>Impact of fee increase</b>				<b>1,59,22,845</b>

**Note 5:** All the fees 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 6:** All budgeted expenditure of the school 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
Salary - Teaching staff	11,56,87,199	92,02,237	Restricted to 130% of expenditure incurred in FY 2021-22.
Work Force solution expenses	36,00,000	7,71,428	Refer financial suggestion no. 2
Security guard and housekeeping expenses	1,02,00,000	35,52,902	Restricted to 110% of expenditure incurred in FY 2021-22.
Rents, rates and taxes	1,44,94,487	1,34,38,475	Refer financial suggestion for improvement no. 1
Equipment hiring & maintenance charges	1,03,22,640	17,94,780	Restricted to 110% of expenditure incurred in FY 2021-22.
Smart class expenses	79,59,912	42,76,713.75	Refer other suggestion for improvement no. 1
SMS expenses	17,68,872	10,32,351.39	Refer Note no. 3 above
DRF (charged from tuition fee)	1,08,95,899	1,08,95,899	Refer financial suggestion for improvement no. 6
Gratuity and Leave encashment	1,27,75,382	1,27,75,382	Refer financial suggestion for improvement no. 4
Financial expenses	45,00,000	45,00,000	
Capital expenditure	2,66,70,000	2,36,31,378.00	The school submitted that it has incurred capital expenditure of INR 68,58,330 only in FY 2022-23 which includes INR 38,19,708 paid towards infrastructure work to Delhi Jal Board. Thus, only INR 30,38,622 may be considered as allowable expenditure from development fund.
<b>Total</b>	<b>21,88,74,391</b>	<b>8,58,71,547</b>	

**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 was held that the school has implemented 7<sup>th</sup> CPC from 01<sup>st</sup> July 2022. Further the school has submitted that it has paid arrears to the existing staff amounting INR 159,89,303 and cheques of INR 1,63,89,502 are issued to the retired or resigned staff. Accordingly, sum of INR 3,23,78,805 has been considered while calculating the fund position of the school with the direction to the school to implement the recommendations of 7<sup>th</sup> CPC in full within 30 days from the date of issue of this 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. Further, the school is directed to submit the details of whether retired and left staff has deposited the cheques in their account or not. Copy of bank statement and cheque details are to be submitted and the same will be verified at the time of evaluation of fee increase proposal of the school for next academic session.

**Note 8:** While evaluating the fee hike proposal, department considers that how much liquid funds would require the school for a particular session for smooth operation without compromising with the quality of education. Thus, while deriving the fund position of the school all legitimate expenditures revenue as well as capital in accordance with the provisions DESAR, 1973 and pronouncement of Courts judgment have been considered. Therefore, balance of the other current assets other and current liabilities has not been considered. Because it is clear that the current assets, loans and advances and current liabilities are cyclic in nature and the same have already been considered in the form of budgeted income and expenditure of the school in the earlier years. Thus, current assets, loans and advances and current liabilities will always reflect in the financial statements at the end of the financial year.

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

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

AND WHEREAS, in the light of 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 this order).

AND WHEREAS, it is noticed that the school has incurred INR 6,07,72,554 in contravention of Rule 177 and other provisions of DSEAR, 1973 and other orders issued by the departments from time to time. Therefore, the school is directed to recover the aforesaid amount from society/ management. The receipts along with copy of bank statements showing receipt of the above-mentioned amount should be submitted with DoE, in compliance of the same, within 30 days from the date of issue of this order. Non-compliance with this direction shall be viewed seriously as per the provision of DSEAR, 1973 without providing any further opportunity of being heard.





AND WHEREAS, 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.

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

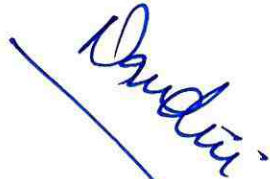
Accordingly, it is hereby conveyed that the proposal for fee hike of **St. Marks Senior Secondary School (School ID: 1618249), Janakpuri Marg, Janakpuri, New Delhi -110058** filled by the school in response to the Order No. F.DE.-15(40)/PSB/2019/4440-4412 dated 08.06.2022 for the academic session 2022-23, is accepted by the Director (Education) with the above conclusion and suggestions and the school is allowed to increase the fee by 8% for session 2022-23 to be effective from 01.04.2023.

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

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

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

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


  
(Nandini Maharaj)  
Additional Director of Education  
(Private School Branch)  
Directorate of Education, GNCT of Delhi

To  
The Manager/ HoS  
St. Marks Senior Secondary School (School ID: 1618249),  
Janakpuri Marg, Janakpuri, New Delhi -110058



**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. DE's nominee concerned.
5. In-charge (I.T Cell) with the request to upload on the website of this Directorate.
6. Guard file.

  
(Nandini Maharaj)  
Additional Director of Education  
(Private School Branch)  
Directorate of Education, GNCT of Delhi