

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

No. F.DE.15 (329)/PSB/2023/ 3199-3203

Dated: 13/04/23

**Order**

WHEREAS, Amity International School (School ID- 1923285), Road No. 44, M Block, Saket, New Delhi -110017 (hereinafter referred to as "the School"), run by the Ritnand Balved Education Foundation (hereinafter referred to as the "Society"), is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi (hereinafter referred to as "DoE"), under the provisions of Delhi School Education Act & Rules, 1973 (hereinafter referred to as "DSEAR, 1973"). The school is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

AND WHEREAS, the manager of every recognized school is required to file a full statement of fees every year before the ensuing academic session under section 17(3) of the DSEAR, 1973 with the Directorate. Such statement is required to indicate estimated income of the school to be derived from fees, estimated current operational expenses towards salaries and allowances payable to employees etc. in terms of rule 177(1) of the DSEAR, 1973.

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

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

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

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

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

AND WHEREAS, besides the above, the Director (Education) is also required to examine and evaluate the fee increase proposal submitted by the private unaided recognized schools for some of the schools which have been allotted from Director (Education) before any increase in fee.

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

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

"27....

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

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

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

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

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

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

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

AND WHEREAS, in the process of examination of fee increase proposal filed by the aforesaid School for the academic session 2022-23, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 16<sup>th</sup> December 2022 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. 15/ (292)/PSB/2021/5197-5201 dated 13.12.2021 issued for FY 2019-20 were also discussed with the school and the school's submissions were taken on record.

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

**A. Financial Suggestions for Improvement**

1. As per direction no. 2 included in the Public Notice dated 4 May 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 Oct 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 Feb 2005 issued by this Directorate states "Capital expenditure cannot constitute a component of the financial fee structure."

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 except in compliance with Rule 177 of DSER, 1973.

Rule 177 of DSER, 1973 states "(1) 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 managing committee for meeting the capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely:

- award of the 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.

(2) The savings referred to in sub-rule (1) 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 development nature,
- (c) the expansion of the school building or for the expansion or construction of any building or establishment of hostel or expansion or construction of any building or establishment of hostel or expansion of hostel accommodation,
- (d) co-curricular activities of the students,
- (e) reasonable reserve fund, not being less than ten percent, of such savings.

Based on the review of the audited financial statements for the FY 2019-20 and FY 2020-21, it has been noted that the school utilized funds totalling to INR 6,32,98,925 (INR 5,11,39,932 in FY 2019-20 and INR 1,21,58,993 in FY 2020-21) towards upgradation of building which is in contravention of Rule 177 of DSER, 1973.

Based on the above-mentioned provisions and pronouncements of the Courts, the cost relating to land and construction of school building should be borne by the society, being the property of the society and the school funds i.e., fee collected from students should not be utilized for the same. Further, Rule 177 of DSER, 1973, the school fee at the first instance should be utilized for meeting establishment cost and other benefits admissible to the employees and capital expenditure should be met out the saving if any. Furthermore, the school did not implement the recommendation of the 7<sup>th</sup> CPC and has not invested an amount in qualify assets for payment of retirement benefits in accordance with AS-15.

Accordingly, the amount spent by the school on building of INR 6,32,98,925 is hereby added to the fund position of the school considering the same as funds available with the school with the direction to the school to recover this amount from the Society within 30 days from the date of this order.

2. Rule 59 of DSEAR, 1973 'Scheme of management of recognized school' states "Regarding appointment and qualification of Manager 59(2)(i), the educational and other qualifications of the manager and his duties and responsibilities; the position of the manager viz-a-viz the managing committee:

(j) no employee of an aided school (other than the head of school) shall be appointed as the manager, the head of school may be appointed the manager of a school, whether aided or unaided.

(k) appointment of the manager; the terms and conditions of his appointment; removal of the manager; filling up of casual vacancy in the office of the manager, duties, and responsibilities of the manager.

(l) bills (including bills relating to the salaries and allowances of the teachers and non- teaching staff) shall be jointly signed by the manager and the head of the school; but where the head of the school is also the manager, such bills shall be signed jointly by the head of the school and another member of the managing committee specially authorized by that committee in this behalf.

(m) that the administration and academic work of the school shall be attended to by the head of school, and except where the head of school is the manager, the manager shall not interfere with the day-to-day administration and academic work of the school.

(r) manager shall not be at the same time the manager of any other school and a person shall not be at the same time the chairman of the managing committee and the manager.

As per clause 8 of the order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and clause No. 23 of order no- F.DE/15(56)/Act/ 2009/778 dated 11.02.2009, "no amount whatsoever shall be transferred from the recognized unaided fund/ school fund to a society or trust or any other institution". This was upheld by the Hon'ble Supreme Court in the matter of Modern School Vs. Union of India & Others.

Based on the review of audited financial statements for the FY 2019-20 to FY 2021-22, it has been noted that the school had transferred INR 1,08,00,000 (INR 36,00,000\*3years) to Mrs. Amita Chauhan, Chairperson of the school in the form of remuneration to oversee the day-to-day function of the school.

As per the above provision, the post of the chair person and manager is the honorary post, and they cannot be treated as an employee of the school. Therefore, no amount whatsoever can be paid to them out of the school funds.

Accordingly, the amount of INR 1,08,00,000 paid by the school to the chairman as a remuneration without complying with above mentioned provisions has been considered as fund available with the school while deriving the fund position with the direction to the school to recover this amount from the society within 30 days from the date of issue of this order.

In view of the above, the school is directed not to propose any amount towards salary of chairman under the head "Salary and Wages including allowances to Non- teaching Staff" in the budget.

3. Para 57 of Accounting Standard 15 (AS-15) 'Employee Benefits' issued by the Institute of Chartered Accountants of India states that "*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 recognized in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.*" Further, Para 7.14 defines the Plan Assets as:

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



And Para 60 of Guidance Note-21 '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 accruing liability. The accruing liability should be calculated according to actuarial valuation. However, if the school employs only a few persons say less than 50, 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 the documents submitted by the school post personal hearing, it has been noted that the requirement of AS-15 is applicable to the school as it employed more than 50 staff in a year. As per audited financial statements for FY 2021-22, it has been noted that school made under provisioning of the gratuity liability i.e. INR 6,25,21,366 whereas liability determined by the actuary amounts to INR 6,30,83,748. Further, no provision of leave encashment had been made by the school and the same is recognized at the time of payment.

Against the above-mentioned liabilities, the school has invested INR 2,50,00,000 on 22.03.2023 with LIC against gratuity and submitted the investment proof for verification. The investment with LIC qualifies as plan assets within the meaning of AS-15. Therefore the amount invested by the school with LIC has been considered while deriving the fund position of the school and the school is directed to obtain the actuarial valuation with respect to leave encashment, rectify the retirement benefits liability in the books of accounts and invest the remaining amount in the plan assets within 30 days from the date of issue of this order.

4. Clause 3 of the public notice dated 04.05.1997 published in the Times of India states *"No security/ deposit/ caution money be taken from the students at the time of admission and if at all it is considered necessary it should be taken once and at the nominal rate of INR 500 per student in any case and it should be returned to the students at the time of leaving the school along with the interest at the bank rate."*

Further Clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11.02.2009 states *"No caution money/security deposit of more than five hundred rupees per student shall be charged. The caution money thus collected shall be kept deposited in a scheduled bank in the name of the concerned school and shall be returned to the student at the time of his/her leaving the school along with the bank interest thereon irrespective of whether or not he/she requests for refund."*

While evaluating the fee increase proposal for the academic session 2022-23, the following observations has been noted with respect to the caution money:

- School has been collecting caution money from the students from FY 2019-20 to FY 2021-22.
- School had not maintained separate bank account for deposit of caution money.
- School had not refunded interest on caution money along with refund of caution money.
- School had not treated un-refunded caution money as income in the next financial year after expiry of 30 days.

The school is directed to ensure compliance with the above requirements especially ensuring that caution money is refunded along with interest to the students and un-refunded caution money as income while projecting the fee increase proposal of the subsequent year. Therefore, the amount refundable



amounting to INR 18,91,060 as on 31.03.2022 as per the audited financial statements has been considered while deriving the fund position of the school.

#### **B. Other Suggestions for Improvement**

1. Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11.02.2009 states "Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up gradation and replacement of furniture, fixtures and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with income generated from the investment made from this fund, will be kept in a separately maintained Development Fund Account."

Para 99 of Guidance Note-21 Accounting by Schools issued by the Institute of Chartered Accountants of India states "Where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure, the relevant asset account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year." Further, Para 102 of the Guidance Note-21 also states "In respect of funds, schools should disclose the following in the schedules/notes to accounts:

- i. In respect of each major fund, opening balance, additions during the period, deductions/utilization during the period and balance at the end;
- ii. Assets, such as investments, and liabilities belonging to each fund separately;
- iii. Restrictions, if any, on the utilization of each fund balance;
- iv. Restrictions, if any, on the utilisation of specific assets."
- v. Also, as per para 67(ii) of the Guidance Note-21 "The financial statements should disclose, inter alia, the historical cost of fixed assets."

Taking the cognisance from the above para, the school needs to create the 'Development Fund Utilisation Account' as deferred income to the extent of cost of assets purchased out of development fund and then this deferred income should be amortised in the proportion of the depreciation charged to income and expenditure account. If the school follows the accounting treatment specified by para 99 of the guidance note, the depreciation reserve fund would be mere an accounting head and school is not required to invest equivalent for that. However, review of the audited financial statements for the FY 2021-22 revealed that the school is not following para 99 of the GN 21 cited above as the school has neither created the deferred income account upon purchase of assets out of the development fund nor transferred any amount from deferred income account to the credit of income and expenditure account equivalent to the depreciation charged on those assets.

On review of the audited financial statements of the school from FY 2019-20 to FY 2021-22, it has been noted that the school has been treating development fee as revenue receipt and at the same time development fund account has been maintained by transferring fund from income and expenditure appropriation account which is in contravention of aforesaid clause 14 of order dated 11.02.2009.

Also, the review of audited financial statements for FY 2021-22 further revealed that the school has not maintained separate bank account for development fee collection which is also in contravention of aforesaid clause 14 of order dated 11.02.2009.

Therefore, the school is hereby directed to treat development fee as capital receipt and to open separate bank account for development fee collection and also directed to follow para 99 of GN -21 for correct



presentation of its financial statements and make necessary rectification entries in its books of accounts. The compliance of the same will be reviewed in the subsequent fee increase proposal.

2. Clause 19 of Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 states *"The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities."*

Clause 21 of Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 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."*

Clause 22 of Order No. F.DE /15(56)/ Act/2009/778 dated 1.02.2009 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 6 of Order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999 states *"Earmarked levies shall be charged from the user student only."*

Rule 176 states *"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."*

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 at 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 form of restricted funds, which, according to Guidance Note-21 'Accounting by Schools' issued by the Institute of Chartered Accountants of India, are required to be credited to a separate fund account when the amount is received and reflected separately in the Balance Sheet.

Further, the Guidance Note-21 lays down the concept of fund-based accounting for restricted funds, whereby upon incurrence of expenditure, the same is charged to the Income and Expenditure Account and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account.

From the information provided by the school post personal hearing, it has been noted that school charges earmarked levies in the form of (i) Transport fees, (ii) Activity fees, (iii) Sports fees, (iv) Science fees and (v) Computer/ICT fees from the students but has not maintained fund-based accounting. The surplus/deficit generated by the school from these earmarked levies in the last three financial years are as under:

Particulars***	Transport Fees	Activity Fees	Sports Fees	Computer/ICT Fees**	Science Fees
<b>For the year 2019-20</b>					
Fee Collected during the year (A)	1,15,49,052	82,57,549	12,97,344	19,85,571	12,53,439
Expenses during the year (B)	54,02,885	1,28,73,645	16,52,061	26,01,848	26,01,848



Particulars***	Transport Fees	Activity Fees	Sports Fees	Computer/ICT Fees**	Science Fees
Difference for the year (A-B)	61,46,167	(46,16,096)	(3,54,717)	(6,16,277)	(13,48,409)
For the year 2020-21*					
Fee Collected during the year (A)	-	4,91,440	46,080	21,750	-
Expenses during the year (B)	66,995	22,82,365	8,40,000	15,19,435	15,19,435
Difference for the year (A-B)	(66,995)	(17,90,925)	(7,93,920)	(14,97,685)	(15,19,435)
For the year 2021-22*					
Fee Collected during the year (A)	-	10,73,882	46,848	29,250	-
Expenses during the year (B)	3,92,213	15,93,318	8,64,640	2,30,825	2,30,825
Difference for the year (A-B)	(3,92,213)	(5,19,436)	(8,17,792)	(2,01,575)	(2,30,825)
Total (Surplus)	56,86,959	(69,26,457)	(19,66,429)	(23,15,537)	(30,98,669)

\*Transport fees, Sports fees, Science fees and Computer/ICT fee are not collected by the school during the FY 2020-21 and FY 2021-22

\*\*Computer/ICT fees are collected from Class KG to IX students only.

\*\*\*Surplus/Deficit calculated in the above tabular data are based on the information/ledgers provided by the school via email.

In view of the above the earmarked levies are to be collected only from the user students availing the services, and if any service/facility has been extended to all the students at the school, a separate charge cannot be levied towards these services by the school as the same would get covered either from tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). Accordingly, charging earmarked levies in the name of Activity fees and Sports fees from all the students loses its character of earmarked levy. Thus, the school is directed not to charge Activity and Sports fee as earmarked fee with immediate effect and should incur the expenses relating to these from tuition fee and/or annual charges.

The school is also directed to maintain separate fund account depicting clearly the amount collected, amount utilized and balance amount for each earmarked levy collected from students. Unintentional surplus/deficit, if any, generated from earmarked levies must 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 in the subsequent proposal of fee increase by 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.

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.

- Section 13 (1) of the Right to Education Act, 2009 states that "no school or person shall, while admitting a child, collect any capitation fee and subject the child or his or her parents or guardian to any screening procedure".



Section 13 (2) of the Right to Education Act, 2009 states that "Any school or person, if in contravention of the provisions of sub-section (1),-

a. receives capitation fee, shall be punishable with fine which may be extended to ten times the capitation fee charged.

b. subjects a child to screening procedures shall be punishable with a fine which may extend to twenty-five thousand rupees for the first contravention and fifty thousand rupees for each subsequent contravention.

And section 2(b) of the Right to Education Act, 2009 states "capitation fee" means any kind of donation or contribution or payment other than the fee notified by the school.

Further, the Supreme Court in its Judgement dated 02 May 2016 in the matter of Modern 'Dental College and Research Centre Vs. State of Madhya Pradesh [Medical Council of India]' held that education is a noble profession and emphasized that:

"Every demand of capitation fee by educational institutions is unethical & illegal. It emphasized that commercialization and exploitation are not permissible in the education sector and institutions must run on a 'no-profit-no-loss' basis".

The Hon'ble Supreme Court categorically held that "though education is now treated as an 'occupation' and, thus, has become a fundamental right guaranteed under Article 19(1) (g) of the Constitution, at the same time shackles are put in so far as this particular occupation is concerned, which is termed as noble. Therefore, profiteering and commercialization are not permitted, and no capitation fee can be charged. The admission of students has to be on merit and not at the whims and fancies of the educational institutions,"

Further, the Hon'ble High Court in LPA 196/2004 in the matter of 'Rakesh Goyal Vs. Montfort School and Section 13(1) of RTE Act, 2009' states "no school or person shall, while admitting a child, collect any Capitation fee/Donation from the parents. Any school or person who contravenes this provision and receives a capitation fee, shall be punishable with a fine which may extend to ten times the capitation fee charged".

Further, The Directorate of Education, vide Order No. DE15/ 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, indicated the following types of fee that a recognised private unaided school can collect from the students/ parents:

- a. **Registration Fee:** Registration fee INR 25 per student prior to admission, shall be charged.
- b. **Admission Fee:** No admission fee of more than 200/- per student, at the time of the admission shall be charged. The admission fee shall not be charged again from any student who is once given admission as long as he remains on the rolls of the school. Further, Clause 4 of the Public notice dated 04.05.1997 states "admission fee can be charged only at the nominal rate but not exceeding INR 200 in any case. It should not be made a regular practice. Once a student is admitted in the school, he should not be asked to pay admission fee again at middle or secondary or senior secondary stage".
- c. **Caution Money:** No Caution Money/ Security Deposit of more than INR 500 per student shall be charged. The caution money thus collected shall be kept deposited in a Scheduled Bank in the name of the concerned school and shall be returned to the student at the time of his/her leaving the school along with the bank interest thereon irrespective of whether he/she requests for a refund. Thus, it is not an



income of the school, but a deposit/ liability which is to be refunded at the time of students leaving the school.

- d. **Tuition Fee:** It is required to be determined so as to cover the standard cost of the establishment including provisions for DA, bonus etc. and all terminal benefits, as also the expenditure of revenue nature concerning curricular activities. No fee shall be charged in excess of the amount so determined.
- e. **Annual Charges:** Annual charges are expected to cover all revenue expenditure not included in tuition fee and overhead and expenditure on playgrounds, sports equipment, cultural and other co-curricular activities as distinct from curricular activities of the school.
- f. **Earmarked Levies:** Earmarked levies are required to be charged from the user students only. Earmarked levies for the services rendered are to be charged on no profit no loss basis in respect of facilities provided to the user students involving additional expenditure in the provision of the same.
- g. **Development Fee:** It is to be treated as capital receipts and utilized towards purchase, upgradation and replacement of furniture, fixture and equipment.

Based on the provisions mentioned above, charging of "Orientation fees" from the students of the nursery class at the time of admission is nothing but is in the nature of capitation fee only. Additionally, not only the charging of one-time fee at the time of admission is tantamount to capitation fee but also charging unwarranted fee under different heads or introduction of any new head in the fee structure other than the prescribed heads of fee and accumulation of surplus funds out of it is prima-facie considered to be a collection of capitation fee in other manner and form.

Accordingly, the collection of one-time fees from the students at the time of admission indicates that the school is engaged in profiteering and commercialization of education. Also, charging of fees in the name of Activity fees, Sports fees, and Computer fees from the students of all classes losses the character of earmarked levies is also another form of charging capitation fee and involvement in the profiteering and commercialization of the education.

As per Section 27 of the DSEA, 1973, the manager of the school is responsible for looking after the smooth operation of the school and ensuring compliance with the provisions of the DSEAR, 1973, including the compliance of directions of the Hon'ble High Court and Supreme Court as well as the orders/circulars issued by the Directorate of Education from time to time in this regard. The manager and principal have been bestowed with the power to ensure the school's proper functioning, including ensuring the admission process transparently, jointly as well as in their personal capacity, be responsible for the levy and collection of capitation fees and any other unauthorised fees collected by the school.

Therefore, the school is directed to not charge capitation as mentioned above with immediate effect. The school is also directed to submit compliance with this direction within 30 days from the date of issue of this order. Noncompliance with this directive would be taken seriously, and the department would take appropriate action against the school under Section 24(4) of the DSEA, 1973 without giving any further opportunity to the school.

- 4. As per Right to Education act, the pupil teacher ratio for primary classes and upper primary classes should be 30:1 and 35:1 respectively. Also, as per the affiliation bye-laws prescribed by Central Board of Secondary Education (CBSE), the student's teacher ratio should not exceed 30:1 excluding principal, physical education teacher and counsellor to teach various subjects. However, based on the information



submitted by the school relating to total students and number of teachers following ratios have been derived:

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Total Number of Students (A)	1946	2002	2059
Number of Teachers (B)	128	120	123
Students to teacher ratio(A/B) – Approx. – rounded off	15	17	17

In view of the above calculation, it has been observed that there is one teacher on every 17 students which is higher than the standard prescribed by the CBSE and mentioned in the RTE Act. It seems that there is overstaffing of teaching staff in the school. Therefore, the school management is required to look into this aspect and try to establish an equilibrium, without compromising the standard of education, between the standard prescribed by the CBSE and the existing student teacher ratio.

- The Directorate vide its order No. F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 directed that the school shall provide 25% reservation to children belonging to EWS category. Even as per the land allotment letter, the school is required to provide free ship to students belonging to weaker section. However, as per the information provided by the school for FY 2019-20 to FY 2021-22, it has been noted that the school was not complying with the abovementioned DOE's Order and condition mentioned in the land allotment letter which provides for granting of free ship to the extent of 25% to the children belonging to EWS category. The details of total students and EWS students for the FY 2019-20 to 2021-22 are tabulated below:

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Total Strength	1946	2002	2059
EWS	262	294	328
% of EWS students to total strength - Approx. – rounded off	13	15	16

Therefore, school is directed to comply with the directions and DDE District is requested to look into this matter and ensure compliance with the above requirements.

- According to the Directorate of Education Order No F. DE.-15/Act-I/WPC-4109/Part/13/7905-7913 dated 16.04.2016, In exercise of the powers confirmed by Clause (xviii) of Rule 50 and Rule 180 of the Delhi School Education Rules, 1973, the Director specified that the format of return and documents to be submitted by schools under Rule 180 read with Appendix-II of the Delhi School Education Rules, 1973 shall be as per format specified by the Institute of Chartered Accountant of India, established under Chartered Accountant Act 1949 (38 of 1949) in Guidance Note on Accounting by the Schools (2005).

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

On review of audited Financial Statements for the FY 2021-22, it has been noted that the school is not preparing Receipt and Payment account as a part of the financial statements and depreciation on fixed assets have been provided on written down value method at the rates prescribed in the Income Tax Rules, 1962. Therefore, school is directed to prepare Receipt and Payment Accounts and to provide depreciation on assets in accordance with the guidance note cited above.

- Clause 2 of Public Notice dated 4 May 1997 states "The school shall not charge building fund from the students as it is sole responsibility of the society who has established the school to raise such funds



from their own sources of donation from the other associations because the immovable property of the school becomes the sole property of the society.

On review of the audited financial statements for the FY 2019-20 to FY 2021-22, it was noted that the school is charging building fund from the students which is in contravention of the above- mentioned public notice.

Therefore, the school is directed to stop collecting building fund from the students and also directed to refund/adjust the amount collected from the students as a 'Building Fund'.

**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 33,62,43,260 out of which cash outflow in the FY 2022-23 is estimated to be INR 34,03,03,036. This results in deficit of INR 40,59,776 for FY 2022-23 after all payments. The details are as follows:

Particulars	Amount (in INR)
Cash and Bank balances as on 31.03.22 as per Audited Financial Statements	2,75,45,051
Investments as on 31.03.22 as per Audited Financial Statements (Refer Note 1 Below)	11,21,73,457
<b>Liquid Funds as on 31.03.2022</b>	<b>13,97,18,508</b>
Add: Amount recoverable from society for construction of building (Refer Financial Suggestion No. 1)	6,32,98,925
Add: Amount recoverable from society for salary paid to chairperson of the managing committee (Refer Financial Suggestion No. 2)	1,08,00,000
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 2 & 3 Below)	17,22,27,064
Add: Other income for FY 2021-22 as per Audited Financial Statements (Refer Note 3 Below)	76,63,397
<b>Total Available Funds for FY 2022-23</b>	<b>39,37,07,894</b>
Less: Gratuity deposited with LIC (Refer Financial Suggestion No. 3)	2,50,00,000
Less: Development fund balance as on 31.03.2022	2,63,73,701
Less: Caution Money as on 31.03.2022 (Refer Financial Suggestion No. 4)	18,91,060
Less: FDR in the name of Manager & CBSE as on 31.03.2022 (Refer Note 1 Below)	4,16,691
Less: FDR in the name of Manager and DOE as on 31.03.2022 (Refer Note 4 Below)	32,98,703
Less: FDR in the name of DOE as on 31.03.2022 (Refer Note 1 Below)	4,84,479
<b>Net Available Funds for FY 2022-23 - (A)</b>	<b>33,62,43,260</b>
Less: Budgeted expenses for the session 2022-23 (Refer Note 5 Below)	24,59,90,920
Less: Salary arrears of 7th CPC (Refer Note 6 Below)	9,43,12,116
<b>Total Estimated Expenditure for FY 2022-23 - (B)</b>	<b>34,03,03,036</b>
<b>Net Deficit (A-B)</b>	<b>40,59,776</b>

**Note 1:** The detail of fixed deposit held by the school as per the audited financial statements for the FY 2021-22 is provided below:

Particulars	Amount (in INR)	Remarks
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Particulars	Amount (in INR)	Remarks
FDR in the joint name of CBSE& School	4,16,491	Deducted while calculating available funds of the school.
FDR in the name of DOE	4,84,479	Deducted while calculating available funds of the school.
FDR in the name of Manager and DoE	32,98,703	Deducted while calculating available funds of the school.
Others FDR's	10,79,73,784	All these FDR's are in the name of school, hence not deducted while calculating the fund position of the school
<b>Total</b>	<b>11,21,73,457</b>	

**Note 2:** The Department vide its Order No.F.No.PS/DE/2020/55 dated 18.04.2020 and Order No.F.No.PS/DE/2020/3224-3231 dated 28.08.2020 had issued guidelines regarding the chargeability of fees during the pandemic COVID 2019. The department in both the above-mentioned orders directed to the management of all the private schools not to collect any fee except the tuition fee irrespective of the fact whether running on the private land or government land allotted by DDA/other land-owning agencies and not to increase any fee in FY 2020-21 till further direction.

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

- (i) *"to collect annual school fee (only all permitted heads of fees) from their students as fixed under the DSEAR,1973 for the academic year 2020-21, but by providing deduction of 15% on that amount in lieu of unutilized facilities by the students during the relevant period of academic year 2020-21". And if the school has collected the fee in excess to the direction issued by the Hon'ble Court, the same shall be refunded to the parents or adjusted in the subsequent month of fee or refund to the parents.*
- (ii) The amount so payable by the concerned students be paid in six equal monthly instalments w.e.f. 10.06.2021.

From review of the audited financial statements for the FY 2021-22 and based on the further information provided by the school post personal hearing, it has been noted that the school has reported 100% of the tuition fees and annual charges and development fees at 85% in its audited financial statements of FY2021-22. 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:

**Table A**

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	11,97,53,077	11,64,88,340	As per reconciliation provided by the school, Tuition fees, Annual Charges



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
Annual Charges	2,63,73,701	2,58,93,211	and Development Charges collected in FY 2021-22 includes arrears of earlier years which has not been considered while calculating the fund position of the school
Development Charges	2,32,11,937	2,27,31,655	
<b>Total</b>	<b>16,93,38,715</b>	<b>16,51,13,206</b>	

**Note 3:** All the 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 4:** As per clause 10 of Form-II of Right of Children to Free and Compulsory Education Act 2009, the schools are required to maintain liquidity equivalent to 3 months' salary and this amount should be invested in the joint name of Dy. Director (Education) and manager of the school. Generally, it is done in the form of FDR in any scheduled bank.

The school has made provision for 4 month's salary reserve amounting to INR 97,37,374 as on 31.03.2022. However, the school earmarked investment amounting to INR 32,98,703 in the joint name of the Dy. Director, Department of Education and Manager of the school. Hence, the same has been considered while calculating the fund position of the school.

**Note 5:** All budgeted expenditure proposed by the school has been considered while deriving the fund position of the school except the following:

Heads	Budget Expenditure in 2022-23	Amount Disallowed	Remarks
Gratuity for teaching & Non-Teaching Staff	4,43,36,200	1,52,67,280	Restricted to 110% of expenditure incurred in FY 2021-22.
Other employee welfare – Teaching & Non-Teaching Staff			
Transport Expenses- in respect of vehicles owned by the school	28,00,000	28,00,000	Neither Income nor expense has been considered on the assumption that earmarked levies are collected on no profit no loss basis
Transport Expenses in respect of vehicles not owned by the school	89,54,000	89,54,000	
Depreciation	1,21,10,171	1,21,10,171	Being a non- cash item
Vehicles	75,00,000	75,00,000	The expenses proposed is in contravention of Rule 177 of DSER, 1973
<b>Total</b>	<b>7,57,00,371</b>	<b>4,66,31,451</b>	

**Note 6:** 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 7<sup>th</sup> 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 not implemented 7<sup>th</sup> CPC till date and has provided calculation on the salary arrears as per 7<sup>th</sup> CPC for the period April 2016 to March 2022 amounting to INR 9,43,12,116 and the same 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.

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

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

AND WHEREAS, in the light of the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate the proposal of the school for 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 7,40,98,925 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 **Amity International School (School ID- 1923285), Road No. 44, M Block, Saket, New Delhi -110017** 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 01.10.2022.

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. 01.10.2022.
2. To ensure payment of salary is made in accordance with the provision of Section 10(1) of the DSEA, 1973. Further, the scarcity of funds cannot be the reason for non-payment of salary and other benefits admissible to the teachers/ staffs in accordance with section 10 (1) of the DSEA, 1973. Therefore, the Society running the school must ensure payment to teachers/ staffs accordingly.
3. To utilize the fee collected from students in accordance with the provisions of Rule 177 of the DSER, 1973 and orders and directions issued by this Directorate from time to time.

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

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

*Nandini*

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

To  
The Manager/ HoS  
Amity International School  
School ID- 1923285,  
Road No. 44, M Block, Saket,  
New Delhi -110017

No. F.DE.15 ( 1329 )/PSB/2023 / 3199-3203

Dated: 13/04/23

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 (South) ensure the compliance of the above order by the school management.
4. In-charge (I.T Cell) with the request to upload on the website of this Directorate.
5. Guard file.

*Nandini*

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