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

No. F.DE.15 ()/PSB/2022/ 1457 5846-5850 **Dated:** 27/06/23

Order

WHEREAS, **Vidya Public School, Vidya Bhawan, Bangla Sahib Road, Opp Kali Mandir, Connaught Place New Delhi-110001, (School ID-2026128)** (hereinafter referred to as "School"), run by the **Vidya Education Society Regd.** (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 12th May 2023 to present its justifications/clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted. In the aforesaid personal hearing, compliance of Order No. F.DE. 15/(781)/PSB/2022/4959-4963 dated 23.06.2022 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 Suggestions for Improvement

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

   Further, according to para 7.14 of the Accounting Standard 15, "Plan assets comprise:
   (a) assets held by a long-term employee benefit fund; and
   (b) qualifying insurance policies."

   As per the documents submitted by the school and taken on record, the school has got its actuarial valuation for determining its liability towards gratuity and leave encashment of INR 67,50,788 and INR 11,99,835 as on 31 Mar 2022 vide actuarial valuation report dated 21/06/2022. On examination of the actuarial report, it was noted that the no. of employees mentioned in the actuarial valuation report were only 13 in respect of gratuity and only 26 in respect of leave encashment valuation, whereas per the staff statement and pay bill for the month of March 2022 submitted by the school, the school provided details of 39 employees. Thus, either the numbers of staff were incorrectly mentioned in the actuarial valuation report or the valuation done by the actuary towards gratuity and leave encashment was based on incomplete/incorrect data, which resulted in incorrect recording of provision towards gratuity and leave encashment by the school as on 31 Mar 2022.

Similar observation was also noted in the Order No. F.DE. 15/(781)/PSB/2022/4959-4963 dated 23.06.2022 issued for FY 2019-20 wherein it was noted that the no. of employees mentioned in the actuarial valuation report were only 9 in respect of gratuity and only 1 in respect of leave encashment valuation, whereas per the staff statement of April 2019 submitted by the school, the school provided details of 50 employees.

Thus, based on above, the actuarial valuation reports cannot be considered as have been prepared on account of incorrect assumptions/ data. Also, the school failed to make any investments to safeguard the staff retirement benefits in investments that qualify as "Plan Assets" in the form of group gratuity and group leave encashment policies of LIC or other insurer. Accordingly, retirement benefits have not been considered while deriving the fund position of the school.

Also, based on above, the amount budgeted by the school towards gratuity and leave encashment amounting INR 20,00,000 for FY 2022-23 has not been considered as part of budgeted expenses in the fund position of the school.

The school is directed to get comprehensive actuarial valuation of its retirement liability in relation to its entire staff strength as per the provisions of AS-15 and start making investments in plan-assets as per the provisions of AS -15 to ensure that the value of plan-assets becomes equal to the liability determined by the actuary in subsequent years.

2. As per Order No. F.DE. 15/(781)/PSB/2022/4959-4963 dated 23.06.2022 issued for FY 2019-20, the Incomes (fee collected from students) reported in the income and Expenditure Account/ Receipt and Payment Account for FY 2018-2019 were recomputed to evaluate the accuracy of incomes reported based on the approved fee structure of the school and details of number of students enrolled (non-EWS) provided by the school. And basis the computation prepared, difference was noted in the fee collection reported by the school during FY 2018-2019 in its Income & Receipt Expenditure Account/ and Payment and amount of fee arrived computed with following details:

Financial Year	Income reported in Income & Expenditure account (A)	Fee computed based on details of no. of students provided by the school (B)	Derived Difference (C)=A-B)	Derived% Difference (D)=(C/B*100)
2018-2019	48,36,431	34,94,640	13,41,791	38%
2017-2018	52,45,620	35,06,370	17,39,250	50%

It was noted that 'Annual Charges' collected by the school were much higher compared with the approved fee structure or the school has clubbed any other fee/income along with Annual Charges while reporting in the Income and Expenditure Account. However, no reasonable explanation/justification for the difference above could be provided by the school in relation to the noted difference. And thus, the school was directed to perform a detailed reconciliation of the amount collected from students and income to be recognized based on the fee structure and number of students enrolled by the school and was directed to provide complete details of income reported under 'Annual Charges' in its Income and Expenditure Account for FY 2017-2018 and FY 2018-2019 along with its subsequent fee increase proposal.

On review of the compliance report, it is noted that the school has not submitted any reconciliation in compliance report of aforesaid directions and failed to provide any details of income reported under 'Annual Charges' in its Income and Expenditure Account for FY 2017-2018 and FY 2018-2019 with this fee proposal for FY 2022-23.

The school is again directed to ensure the compliance of aforesaid directions within 30 days from the date of issue of the order.

3. As per Order No. F.DE. 15/(781)/PSB/2022/4959-4963 dated 23.06.2022 issued for FY 2019-20, it was noted that from the audited financial statements of the school for FY 2015-2016, the school had recorded certain additional assets and liabilities on account of transfer from – First Step". While it was highlighted in the order that details regarding transfer from First Step' were not provided by the school. The school did not provide any details in relation to the additions made from "First Step" in FY 2015-2016. As noted, the following additional assets and liabilities were recorded by the school as transfer from "First Step" in FY 2015-16:

Particular	Assets (INR)	Liabilities (INR)
Fixed Assets	56,50,538	
Cash and Bank	61,941	
Capital Fund		28,39,243
General Fund		12,75,579
Development fund		10,877
Depreciation Reserve Fund		2,488
Total	**57,12,479**	**41,28,187**

Further, based on the figures compiled in the table above, a difference of INR 15,84,242 (INR 57,12,479 minus INR 41,28,187) was also noted between additions made to the assets side and liabilities side, which could not be reconciled from the financial statements. The school also failed to give a detailed note regarding additions/transfers made from "First Step" in its 'Notes to Accounts' annexed along with the financial statements for FY 2015-2016. Since the school failed to provide any reconciliation or details in relation of the above, it was directed to furnish the complete details of these assets and liabilities and to submit audited financial statements of the "First Step" for verification.

However, in the compliance report the school has submitted that, *"As was submitted by the school during the course of the hearing held with the Evaluators, the Nursery school is totally separate and independent."* The submission of the school is incorrect and unacceptable.

It is also noted that the school has 45 and 63 students on roll in Nursery class and KG class respectively. And these students have increased to 95 and 103 in class 1 and class 2 respectively. It is clear that lesser number of students are shown in this school in Nursery and KG class intentionally and non-submission of relevant documents, despite continuous directions of the directorate lead to conclude that the school is diverting income to other school. Though no impact has been considered in the calculation of fund availability to non-submission of relevant records but the school is given final opportunity and is hereby directed to furnish the complete set of audited financial statements for FY 2015-16 to FY 2022-23 of "First Step" school within 30 days from the date of issue of the order. In case of failure to comply with the aforesaid direction, it will be treated that the school has underreported the income and fee over the years and the financial statements will be deemed as incomplete and unreliable.

B. Other Suggestions for Improvement

1. As per Appendix II to Rule 180(1) of DSER, 1973, the sch0ol is required to submit final accounts i.e. receipts and payment account, income and expenditure account and balance sheet of the preceding year duly audited by a Chartered Accountant by 31" July.

On review of the audited final accounts for FY 2019-20, FY 2020-21 and FY 2021-22 it is noted that though the receipt and payment account for the aforesaid years were duly signed by the auditor with reference thereon to the audit report of even date, but in its audit report, the auditor only gave his opinion on the true and fair view on:

- The state of affairs in the case of the balance sheet; and
- Surplus/ deficit of the accounting year in the case of Income and expenditure for the year

Thus, the auditor did not give his opinion on the receipt and payment account. The school did not provide reasonable justification for auditor's non-inclusion of receipt and payment account in his audit opinion. Further, the auditor had signed the audit report and financial accounts for FY 2019-20 on 30 Dec 2020, for FY 2020-21 on 11 Jan 2022 and FY 2021-22 on 28 Sep 2022. Thus, the school did not comply with the requirement of submission of audited final accounts in accordance with the timeline prescribed in Rule 180(1).

Similar direction was also noted in Order No. F.DE.15/(781)/PSB/2022/4959-4963 dated 23.06.2022 issued for FY 2019-20.

Accordingly, the school is directed to ensure the financial statements as per the requirements of Rule 180(1) are appropriately prepared and submitted to the Directorate within stipulated time. The school is also directed to ensure that the audit opinion is issued by the auditor on the entire set of financial statements i.e., Balance Sheet, Income & Expenditure Account and Receipt & Payment Account.

2. Clause 19 of Order No. F.DE./15(56)/Act2009/778 dated 11 Feb 2009 states *"The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities."*

Further clause 21 of the aforesaid order states "No annual charges shall be levied unless they are determined by the Managing Committee to cover all revenue expenditure, not included in the tuition fee and 'overheads' and expenses on play-grounds, sports equipment, cultural and other co-curricular activities as distinct from the curricular activities of the school."

Rule 176-Collections for specific purposes to be spent for that purpose' of the DSER, 1973 states *"Income derived from collections for specific purposes shall be spent only for such purpose."*

Para no.22 of Order No. F.DE/15(56)/Act/2009/778 dated 11 Feb 2009 states "Earmarked levies will *be calculated and collected on 'no-profit no loss 'basis and spent only for the purpose for which they are being charged"*

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

Also, the Hon'ble Supreme Court through its 2004 judgement in the case of Modern School Vs Union of India and Others directed all recognised unaided schools of Delhi to maintain the accounts on the principles of accounting applicable to non-business organizations/not-for-profit organizations. Earmarked levies collected from students are a form of restricted funds, since these can be utilised only for the purposes for which these have been collected, and according to Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, the financial statements should reflect income, expenses, assets and liabilities in respect of such funds separately.

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. F.DE.15/(781)/PSB/2022/4959-4963 dated 23.06.2022 issued for FY 2019-20, it was noted that the school charges earmarked levies in the form of Transport Fees and Smart Class fees from students. Though the school has created a separate fund for transport fee,but it made certain adjustments by way of transfers from general fund to the transport fund, the reason for which seem to be deficit in the transport fund account. It was further noted that the school failed to disclose transport fees in the Income and Expenditure Account rather it was presented directly as a designated fund maintained by the school as Transport Fund on the liability side of the Balance Sheet even though the transport fee was of the nature of revenue receipt and was collected by school from the students, but school did not route the incomes and expenses in relation to transport facility through Income and Expenditure Account.

Also, it was noted that the school was charging smart class fees from the students of all classes. Based on the aforementioned, earmarked levies are to be collected from the user students only 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). Thus, the fee charged from all students loses its character of earmarked levy, being a non-user based fees. Thus, based on the nature of the smart class fees and details provided by the school in relation to expenses incurred against the same, the school was directed to not charge such fee as earmarked fee with immediate effect and should incur the expenses relating to these from tuition fee and/or annual charges, as applicable collected from the students. The school was 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 utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school was directed to evaluate costs against each earmarked levy and propose the fee structure for earmarked levies during subsequent proposal for enhancement of fee ensuring that the proposed levies have been calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.

The school has not complied with the aforesaid directions and thus, hereby directed again to ensure the compliance of aforesaid directions within 30 days from the date of issue of the order.

3. Clause 14 of the Directorate's Order No. F.DE./15 (56) Act/2009/778 dated 11 Feb 2009 states *"Development fee, not exceeding 15% of the total annual tuition fee may be charged for Supplementing the resources for purchase, upgradation and replacement of furniture, fixtures and equipment."*

As per Order No. F.DE-15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16 April 2016 *"The Director hereby specify 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 Accountants of India, established under Chartered Accountants Act, 1949 (38 of 1949) in Guidance Note on Accounting by Schools (2005) or as amended from time to time by this Institute."*

Para 58(1) 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"*

Para 67 of the Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India states *"The financial statements should disclose, inter alia, the historical cost of fixed assets."*

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 Io the credit of the income and expenditure account in proportion to the depreciation charged every year." Further, Para 102 of the aforementioned Guidance Note states "n respect of funds, schools should disclose the following in the schedules/notes to accounts:*

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

Based on the ruling of the Hon'ble Supreme Court in the matter of Modern School Vs Union or India & Others, Directorate issued directions to the school in relation to development fund and Depreciation reserve under clause 14 of Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009, which is cited above.

The school has charged depreciation in its Income and Expenditure Account during FY 2019-20 to FY 2021-22; however, the school is not maintaining Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts, which is not in compliance with Clause 14 of the Directorate's Order No. F.DE/15 (56)/Act/2009/778 dated 11 Feb 2009.

It was also noted that the Fixed Assets are reported at written down value both on the face of the Balance Sheet and in the fixed assets schedule annexed to the financial statements, which is not in accordance with the disclosure requirements of the guidance note citied above. Further, the school does not charge depreciation at the rates specified in Appendix I to the Guidance Note. Further, it was noted that the school transferred an amount equivalent to the assets from purchase cost of the development fund to general fund instead of creating Development Fund utilised Account.

Also, the school has enclosed a consolidated fixed assets schedule giving details of all assets carried over by the school in its audited financial statement and has not prepared separate fixed assets schedules for assets purchased against development fund and those purchased against general reserve and thus, has not made the disclosures required as per the guidance note cited above.

Similar observation was also noted for FY 2016-17 to 2018-19 in Order No. F.DE.15/(781)/PSB/2022/4959-4963 dated 23.06.2022 issued for FY 2019-20 and the school was given number of directions but school failed to comply even one direction.

The school is again instructed to make necessary rectification entries relating to development fund utilised account and depreciation reserve to comply with the accounting treatment indicated in the Guidance Note. Further, the school should prepare separate fixed assets schedule for assets purchased against development fund and other assets purchased against general reserve/ fund, which must be annexed with the audited financial statements along with the requisite disclosures as per the guidance note.

Also, the school is directed to disclose all fixed asset at gross value on the face of Balance Sheet on the assets side and accumulated depreciation as depreciation reserve on the liability side of the Balance Sheet with complete break up of opening gross block of assets, additions, deletions, closing gross block of fixed assets, opening depreciation reserve, depreciation during the year, adjustment (if any), closing balance of depreciation reserve and net (WDV) opening and closing block of fixed assets. Also, the school is instructed to adopt the depreciation rates as prescribed by the Guidance Note.

4. Review of the proposal for enhancement of fee for FY 2022-23 submitted by the school indicated that the school did not include/disclose transport fee collected by it from students in its proposal for fee hike submitted for FY 2022-23.

   Similar observation was also noted in Order No. F.DE.15/(781)/PSB/2022/4959-4963 dated 23.06.2022 issued for FY 2019-20.

   The school is directed to disclose/report all fees including earmarked levies collected from students in its fee increase proposal. Also, the school should be cautious while submitting details to the Directorate and ensure that such omissions are not repeated.

After detailed examination of all the material on record and considering the clarification submitted by the school, it was finally evaluated/ concluded that:

i. The total funds available for the year 2019-2020 amounting to INR **3,08,51,854** out of which cash outflow in the year 2019-2020 is estimated to be INR **3,24,95,325**. This results in net deficit of INR **16,43,471**. The details are as follows:

Particulars	Amount (in INR)
Cash and Bank balances as on 31.03.22 as per Audited Financial Statements	7,13,387
Investments as on 31.03.22 as per Audited Financial Statements	8,11,463
Liquid Funds as on 31.03.2022	**15,24,850**
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	2,56,54,005
Add: Other Income for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	2,13,078
Add: Additional Income of Annual Charges and Development Fund (Refer Note 3 Below)	6,65,089
Add: Additional Fees due to increase in fee @15% from 01.07.2022 (Refer Note 4 Below)	36,06,294
Total Available Funds for FY 2022-23	**3,16,63,317**
Less: FDR in the joint name of Manager, School and Dy. Director of Education as on 31.03.2022 (Refer Note 1 Below)	8,11,463
Net Available Funds for FY 2022-23 (A)	**3,08,51,854**
Less: Budgeted expenses for the session 2022-23 (Refer Note 5 Below)	**3,24,95,325**
Less: Salary arrears as per 7th CPC (Refer Note 6 Below)	-
Total Estimated Expenditure for FY 2022-23 (B)	**3,24,95,325**
Net Deficit	**16,43,471**

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

Particulars	Amount (in INR)	Remarks
FDR in the joint name of Manager and Dy. Director of Education	8,11,463	Deducted while calculating available funds of the school.
Total	**8,11,463**	

Note 2: All the fee and other income as per audited financial statements for the FY 2021-22 has been considered with the assumption that the amount received in FY 2021-22 will at least accrue during FY 2022-23.

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

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

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

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

From review of the audited financial statements for the FY 2021-22 and based on the further information provided by the school post personal hearing, it has been noted that the school has reported 100% of the tuition fees and annual charges and development fees at 85% in its audited financial statements of FY 2021-22. Therefore, the income collected by the school during the FY 2021-22 with respect to tuition fee, annual charges and development fees has been grossed up to make comparative income with the FY 2022-23. The detailed calculation has been provided below:

Particulars	**Income as per AFS of FY 2021-22 Amount (INR) - A**	**Income Considered in the Above Table Amount (INR) - B**	**Remarks**
Tuition Fee	2,17,10,115	2,17,10,115	
Annual Charges	19,24,380	22,63,976	The school recorded 85% of the income. Therefore, this has been grossed up.
Development fund	18,44,460	21,69,953	
Total	**2,54,78,955**	**2,61,44,044**	
Difference (A-B)		**6,65,089**	

Note 4: The school was allowed to increase the fee by 15% from 01.07.2022. The impact of increase in fee is calculated hereunder:

Fee heads	**Actual receipt in FY 2021-22**	**Grossed Up**	**Total Expected Fee**	**Increased fee (with fee increase @15% for 9 months)**
Tuition fees	2,17,10,115	-	2,17,10,115	2,41,52,503
Annual Charges	19,24,380	3,39,596	22,63,976	25,18,674
Development Charges	18,44,460	3,25,493	21,69,953	24,14,073
Total	**2,54,78,955**	**6,65,089**	**2,61,44,044**	**2,90,85,249**
Impact of fee increase				**36,06,294**

Note 5: Per the Budget Estimate for FY 2022-23 submitted by the school along with proposal for fee increase, the school had estimated the total expenditure during FY 2022-23 of INR 5,55,45,000, which in some instances was found to be unreasonable/ excessive. Based on the explanations and details provided by the school during personal hearing, most of the expenses heads as budgeted were considered except the given below in the table. Further, during review of budgeted expenses, certain observations were noted in expenses budgeted by the school, which were adjusted from the budgeted expenses.

Head of Expenditure	**2022-23 (in INR)**	**Amount disallowed (in INR)**	**Remarks**
Gratuity and Leave Encashment	20,00,000	20,00,000	The school has not made investment in Plan assets as is prescribed in AS-15, therefore amount proposed by the school has not been considered.
Establishment Expenses/ Salary Teaching Staff	3,00,00,000	52,93,130	Restricted to 130% of expenditure incurred in FY 2021-22
Sport & Activity expenses	2,50,000	1,33,400	Restricted to 110% of expenditure incurred in FY 2021-22
Audit fees & professional charges	5,00,000	2,79,122	
Newspaper & periodicals	1,00,000	97,060	
Student welfare	7,00,000	5,22,097	
Annual Function	5,50,000	4,66,356	

Head of Expenditure	2022-23 (in INR)	Amount disallowed (in INR)	Remarks
Scholarships & prizes to students	2,50,000	1,96,210	
Advertisement Expenses			
Building Maintenance	25,00,000	8,73,828	
Water & Electricity expenses	10,00,000	5,02,953	
Taxes and Fees	5,00,000	2,54,979	
Furniture Repair Expenses	5,00,000	5,00,000	New head of expenditure proposed by the school in year 2022-23 without furnishing any justification
Safety & Security expenses	4,50,000	4,50,000	
Sanitary & cleaning material expenses	4,00,000	4,00,000	
Transportation Expenses	52,00,000	52,00,000	Neither Income nor expense has been considered on the assumption that earmarked levies are collected on no profit no loss basis
Smart class expenses	20,00,000	20,00,000	
Books, stationary & uniform issued to EWS	7,20,000	7,20,000	
Capital Expenditure	50,05,000	31,60,540	Considered to the extent of development fee for the year.
Total	**5,26,25,000**	**2,30,49,675**	

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 7th CPC recommendations in Private Un-aided Recognized Schools of Delhi has been issued vide DOE order dated 17.10.2017.

Further in the previous years' order of the Directorate Order No. F.DE.15/(781)/PSB/2022/4959-4963 dated 23.06.2022 issued for FY 2019-20, the School was directed to implement the recommendations of 7th CPC for payment of salaries and even allowed the amount of arrears claimed by them at that time and basis that had allowed the school to increase the fee by 15%. However, the school has yet to implement the recommendations of 7th CPC and even not paying salaries at full scale of 7th CPC. Moreover, school has not budgeted the amount of salary arrears due to be paid in the budgeted receipts and payments account for FY 2022-23 and during hearing submitted the status of implementation of 7th CPC and furnished the details of salary arrears which was already allowed to them in the previous fee increase order. In view of the above, since arrears have already been allowed to them in previous order, the same is not considered again.

The school is again directed to comply with the provisions of section 10 of the DSEA, 1973 and to release salaries accordingly. 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 for meeting all the operational expenditure for the academic session 2022-23. In this regard, Directorate of Education has already issued directions to the schools vide order dated 16.04.2010 that,

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

AND WHEREAS, in the light of the provisions of DSEA, 1973,DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, the proposal of the school for the session 2022-23 have been evaluated and certain financial suggestions have been identified (appropriate financial impact has been taken on the fund position of the school) and certain procedural suggestions which were also noted (appropriate instruction against which have been given in the order) that the sufficient funds are not available with the school to carry out its operations for the academic session 2022-23.

AND WHEREAS, considering the financial situation and existing deficiencies and keeping in view that salary and other employee's benefits can be paid to the teachers and staff smoothly, the fee hike is allowed to the school with the suggestions for improvement. The school is hereby further directed that the additional income received on account of increase fee should be utilized at first instance only for payment of salary and salary arrears and submit the compliance report within 30 days from the date of issue of the order.

AND WHEREAS, it is relevant to mention charging of any arrears on account of fee for several months from the parents is not advisable, not only because of the additional sudden burden fall upon the parents/students but also as per the past experience, the benefit of such collected arrears is not passed to the teachers and staff in most of the cases as was observed by the Justice Anil Dev Singh Committee (JADSC) during the implementation of the 6th CPC.

AND WHEREAS, the fee proposal of the school along with relevant materials were put before the Director of Education for consideration and who after considering all the material on the record, and after considering the provisions of section 17(3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that sufficient funds are not available with the school for meeting financial implication for the academic session 2022-23. Keeping this in view, and exercising the powers conferred under Rule 43 of DSER, 1973, the Director (Education) has accepted the proposal submitted by the school and allowed an increase in fee by 6% to be effective from 01 April 2023. However, it is to be ensured that the development fee will not be charged in excess of fifteen percent of the tuition fee.

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

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

Accordingly, it is hereby conveyed that the proposal for fee hike of **Vidya Public School (School ID-2026128), Vidya Bhawan Bangla Sahib Road, Opp Kali Mandir, Connaught Place New Delhi-110001** 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 6% 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 by 6% 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

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

To
Vidya Public School (School ID-2026128),
Vidya Bhawan, Bangla Sahib Road,
Opp Kali Mandir, Connaught Place,
New Delhi-110001

No. F.DE.15 (1457)/PSB/2023 /5846-5850 Dated: 27/06/23

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 (New Delhi) to 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