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

**No. F.DE.15 (636)/PSB/2022/** 3840-3844 **Dated:** 31/05/22

## ORDER

WHEREAS, **Indraprastha World School (School ID: 1617175), A-2 Block, Balbeer Singh Marg, Paschim Vihar, Delhi-110063** (hereinafter referred to as "**the School**"), run by the J N Educational Society (hereinafter referred to as the "**Society**"), is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi (hereinafter referred to as "**DoE**"), under the provisions of Delhi School Education Act & Rules, 1973 (**hereinafter referred to as "DSEAR, 1973"**). The School is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

AND WHEREAS, 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.'*

AND WHEREAS, besides the above, 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 para's 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/2019/2698-2707 dated 27.03.2019, 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 session 2018-19 and 2019-20.

AND WHEREAS, in pursuance to order dated 27.03.2019 of the DOE, the **Indraprastha World School (School ID: 1617175), A-2 Block, Balbeer Singh Marg, Paschim Vihar, Delhi-110063,** submitted the proposal for fee increase for the academic session 2018-19. Accordingly, this order dispenses the proposal for enhancement of fee submitted by the School for the academic session 2018-19.

AND WHEREAS, to ensure that the proposals submitted by the schools for fee increase are justified or not, this Directorate has deployed teams of Chartered Accountants at HQ level who has evaluated the fee increase proposals of the school very carefully in accordance with the provisions of the DSEA, 1973, the DSER, 1973 and other orders/ circulars issued from time to time by this Directorate for fee regulation.

AND WHEREAS, in the process of examination of fee hike proposal filed by the aforesaid School for the academic session 2018-2019, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 26 November 2019 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. During the aforesaid hearing compliances against order no. F.DE.15 (242)/PSB/2019/1305-1309 dated 29.03.2019 issued for academic session 2017-18 were also discussed and school submissions were taken on record.

AND WHEREAS, the reply of the school, documents uploaded on the web portal for fee increase together with subsequent documents/ clarifications submitted by the school were thoroughly evaluated by the team of Chartered Accountants. And after evaluation of fee proposal of the school the key observations and status of compliance against order no. F.DE.15 (242)/PSB/2019/1305-1309 dated 29.03.2019 issued for academic session 2017-18 are as under:

**A. Financial Observations**

1. Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/883-1982 dated 10.02.2005 issued by the directorate states *"Capital expenditure cannot constitute a component of the financial fee structure."*

On review of audited financial statements for FY 2016-17 to FY 2018-19 and documents submitted after personal hearing, it has been noted that school has incurred capital expenditure on purchase of buses for which school had taken loan from Axis Bank and HDFC Bank. The school has utilised school funds for repayment of loan taken for purchase of buses and interest thereon which is in contravention of above-mentioned provisions and rule 177 of DSER, 1973. Details of repayment of principal and interest is as follows:

| **Particulars** | **Amount in INR** |
|---|---|
| Principal Repayment | 28,55,622 |
| Interest | 5,37,822 |
| Down payment | 12,12,000 |
| **Total** | **46,05,444** |
| Surplus from Transport fund | 16,49,403 |
| **Net total** | **29,56,041** |

School based on funds available in the earmarked levy fund, can utilise funds for providing such services. It cannot utilise school funds for providing service that is for specific users (in this case, transport service) which could otherwise have been used for payment of arrears for implementation of the recommendation of the 7th CPC and its statutory liability towards gratuity and leave encashment as per rule 177 of DSER, 1973. Since fund-based accounting for transport fee has not been maintained by the school Hence, surplus/deficit from transport fund available to the school from FY 2016-17 to FY 2018-19 (after adding depreciation on buses in surplus being non-cash item) has been taken into consideration in above mentioned table for calculating repayment made out of school funds.

Accordingly, the total amount of INR 29,56,041 is hereby added to the fund position of the school considering the same as fund available with the school and with the direction to the school to comply with the order to recover such capital expenditure incurred on purchase of buses from the society within 30 days from the date of issue of this order. Further, the school is directed to ensure that capital assets are not procured from school funds unless savings are derived in accordance with Rule 177 of DSER, 1973 and the school funds should not be utilised for repayment of the above loan.

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

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

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

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

As per the Directorate's Order no. F.DE.15(242)/PSB/2019/1305-1309 dated 29.03.2019 issued to the school post evaluation of proposal for enhancement of fee for FY 2017-18, the school was directed to recover amount from the society for utilisation made from school funds for making additions to building in FY 2014-15, FY 2015-16 and 2016-17 amounting to INR 13,07,647 , INR 17,90,116 and INR 43,30,040 respectively which was not in compliance with the aforementioned provisions. However, the school has not complied with the directions and no amount has been recovered yet.

From the representation submitted by the school against order issued dated 29.03.2019, it has been taken on record that as per school, before calculating the savings as per Rule 177 of DSER, 1973, the fee can be utilised for the required expansion of the school, expenditure of a developmental nature, expansion of the school building, expansion or construction of any building for the establishment of hostel or expansion of hostel accommodation as provided in clauses (b) and (c) of Rule 177(2). The school also submitted that above funds were in no way be treated as addition to school building and that society has already contributed a sum of INR 1,34,00,000 during FY 2014-15 to FY 2016-17. Hence, the re-recovery from the society is not justified. The contention of the school cannot be accepted as the school has not provided any supporting documents to support the same.

Further, on review of audited financial statements for FY 2017-18 and FY 2018-19 it has been noted that school has incurred INR 31,97,664 and INR 20,04,047 for upgradation of infrastructure of the school which is not in accordance with above mentioned provisions.

Accordingly, the capital expenditure of INR 1,26,29,514 (INR 74,27,803 as per previous year's Order plus INR 31,97,664 and INR 20,04,047 for upgradation of infrastructure) 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 such amount from the society within 30 days from the date of issue of this order.

3. Recruitment Rules prescribed under DSEA, 1973 defines various posts in the school, but does not include any position for Manager/ Director. Further, Section 2(m) of DSEA, 1973 states *Manager/Director in relation to a school, means the person, by whatever name called who is entrusted, either on the date on which this Act comes into force, or as the case may be, under a scheme of management made under section 5, with the management of the affairs of that school.*

Based on the above provisions, the manager of the school cannot be treated as an employee of the school and is not entitled to salary as per the provisions of the DSEAR, 1973. Accordingly, the Manager of the school shall not be made any payment whatsoever from the school funds.

On review of submission of documents made by the school post personal hearing, it has been noted that the school has appointed Mr. M.S Sangwan as Manager of the School and has paid salary of INR 30,000 per month. However, detailed calculation in relation to salary paid to the Manager of the school on yearly basis has not been provided by the school. Since, detailed calculation for salary collected by the manager has not been made available, salary paid to the manager for the month of March 2019 of INR 30,000 as per salary sheet submitted by the school has been taken as base salary and therefore, salary paid for FY 2015-16 to FY 2018-19 totalling to INR 14,40,000 (INR 30,000*12*4) has been considered for the purpose of recovery from the Society.

Hence, the amount paid to Manager of the school from FY 2015-16 to FY 2018-19 amounting to INR 14,40,000 is hereby added to the fund position of the school and the school may be directed to recover this amount from the Manager/Society within 30 days from the date of issue of this order. Further, the school may be directed not to pay any remuneration/allowance/ to the Manager as the same will be verified at the time of evaluation of fee hike proposals for subsequent year.

4. Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India states "*Accounting for defined benefit plans is complex because actuarial assumptions are required to measure the obligation and the expense and there is a possibility of actuarial gains and losses.*"

Further, the Accounting Standard defines Plan Assets (the form of investments to be made against liability towards retirement benefits) as:

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

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

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

On review of documents submitted by the school post personal hearing, it has been noted that school has got the actuarial valuation report for its liability towards gratuity and leave encashment and has recorded equivalent liability in the books of the accounts. As per the financial statements for FY 2018-19, the total liability towards retirement benefit was INR 2,98,27,729 as on 31.03.2019. However, school has not deposited the equivalent amount in plan assets as investment as required by AS-15. Accordingly, provision of INR 2,98,27,729 for gratuity & leave encashment made by the school as on 31.03.2019 has not been considered while evaluating fees hike proposal of 2018-19 academic session.

Therefore, the school is hereby directed to invest an amount equivalent to liability determined by the actuary in plan assets as per the requirement of AS-15 issued by ICAI within 30 days from the date of issue of this order.

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

*Further,* Para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states "*Where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure, the relevant asset account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year.*

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

On review of audited financial statements for FY 2017-18 and FY 2018-19, following has been noted:

i. Till FY 2017-18, school was not preparing separate fixed assets schedule for the assets purchased out of development fund and assets purchased from General fund. During FY 2018-19, separate schedules for the fixed assets have been prepared by the school however, the opening balance of assets purchased out of development fund as on 01.04.2018 was considered as Nil and only the assets purchased out of the development fund during FY 2018-19 have been reported in the above schedule. Hence, school has not reported the assets purchased out of development fund prior to FY 2018-19 in the Fixed assets schedule. The fixed assets schedule prepared by the school for the assets purchased out of development fund is not correct as it is evident from the financial statement that mostly assets were being purchased from the development fund. Further, school has presented fixed assets at the written down value (WDV) instead of showing at historical cost of fixed assets which is not in compliance with para 67 mentioned above.

ii. School has utilised development fee amounting to INR 96,41,727 for purchase of fixed assets other than Furniture, Fixtures and Equipments which is not in compliance with aforesaid clause 14. The details of utilisation of development fund for purchase of such fixed assets is as under:

| **Particulars** | **FY 2017-18** | **FY 2018-19** |
|---|---|---|
| Activity Centre | 15,54,820 | 3,23,384 |
| Auditorium/Audi Chairs/Audi stage | 3,66,272 | 8,18,389 |
| Building Elevation | 4,58,927 | - |
| Development of Cricket Pitch | 4,51,000 | - |
| Development of skating ring | 9,81,262 | - |
| Library Books | 4,34,011 | 2,77,145 |
| Play field court | - | 3,75,517 |
| School Buses | 33,51,000 | - |
| Staff car/Van | 2,50,000 | - |
| Sub-total | 78,47,292 | 17,94,435 |
| **Total** | | **96,41,727** |

Similar observation was noted as per order no. F.DE.15(242)/PSB/2019/1305-1309 dated 29.03.2019 issued for academic session 2017-18, wherein school was directed to make necessary adjustments amounting to INR 1,02,75,355 in development fund account due to utilisation made out of development fund for purchase of assets other than Furniture, Fixtures and Equipments from FY 2014-15 to FY 2016-17. However, the school has not complied with the direction of above order and no such adjustments in the books of accounts have been made by the school.

iii. As per aforesaid clause 14, if the school collects development fee, school is required to create depreciation reserve fund equivalent to the amount charged in the revenue accounts. However, it has been noted that depreciation reserve fund created by the school is not equivalent to the accumulated depreciation charged as per fixed assets schedule which is not in compliance with above mentioned provisions. Further, on review of audited financial statements for FY 2018-19, it has been noted that school has purchased fixed assets out of depreciation reserve fund by transferring fund from development fund to depreciation reserved fund, which means assets were actually purchased out of development fund itself. Thus, the school has routed fixed assets purchased out of Development fund to Depreciation reserve fund by crediting transfer from development fund to depreciation reserve fund.

iv. As per audited financial statements for FY 2017-18, it has been noted that school has incurred expenditure of revenue nature out of development fund amounting to INR 60,88,994 which is not in compliance with aforementioned clause 14. Similar observation was noted as per order no. F.DE.15(242)/PSB/2019/1305-1309 dated 29.03.2019 issued for academic session 2017-18 wherein school had incurred INR 1,06,64,445 from the development fund for meeting out revenue expenses and was directed to make necessary adjustments in the general reserve fund and development fund. However, no such adjustments have been made by the school.

Accordingly, school is directed to comply with the provisions of clause 14 failing which school shall not be allowed to charge development fee in subsequent financial years and to make necessary adjustments in Development Fund Account, Development Utilisation Fund Account, Depreciation Reserve Account and General Fund for purchase of assets other than Furniture, Fixtures and Equipments and incurring revenue expenses out of development fund from FY 2014-15 to FY 2018-19 as the same shall be verified at the time of evaluation of proposal for enhancement of fee for subsequent year. Further, the school should prepare separate fixed assets schedule for assets purchased against development fund and other assets purchased against other reserve/fund by appropriately showing their opening balances.

## B. Other Observations

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

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

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

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

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

   From the information provided by the school and taken on record, it was noted that the school charges earmarked levies in the form of Transport fee, SC/HH/SS charges, Lab charges and swimming charges from the students. However, the school has not maintained separate fund accounts for these earmarked levies and the school has been generating surplus from earmarked levies, which has been utilised for meeting other expenses of the school, or has been incurring losses (deficit), which has been met from other fees/income. Details of calculation of surplus/deficit, based on breakup of expenditure provided by the school for FY 2016-17 and FY 2017-18 are given below:

**(Figures in INR)**

| Particulars | SC/HH/SS etc. | Transport Charges | Swimming Charges | Computer Fees/ Lab Fee |
|---|---|---|---|---|
| **For the year 2016-17** | | | | |
| Fee Collected during the year (A) | 1,41,65,800 | 2,76,46,500 | 43,14,222 | 5,76,216 |
| Expenses during the year (B) | - | 3,13,52,395 | 47,53,800 | 2,84,625 |
| **Difference for the year (A-B)** | **1,41,65,800** | **-37,05,895** | **-4,39,578** | **2,91,591** |
| **For the year 2017-18** | | | | |
| Fee Collected during the year (A) | 1,48,09,300 | 3,16,32,750 | 42,98,184 | 5,56,284 |
| Expenses during the year (B) | 1,50,94,924 | 3,51,10,428 | 47,84,640 | 2,98,660 |
| **Difference for the year (A-B)** | **-2,85,624** | **-34,77,678** | **-4,86,456** | **2,57,624** |
| **Total (Surplus)** | **1,38,80,176** | **-71,83,573** | **-9,26,034** | **5,49,215** |

*School has charged SC/HH/SS charges during FY 2016-17 however, expenses incurred against the same has not been provided by the school to be shown in above mentioned table.

From the above table, the earmarked levies are to be collected only from the user students availing the service/facility. In other words, if any service/facility has been extended to all the students of the school, a separate charge should not be levied for the service/facility as the same would get covered either under tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). From the record submitted by the school, it was noted the school has been collecting SC/HH/SS charges from all the students which loses the character of earmarked levies. Therefore, the school is directed to stop the collection in the name of such fee with immediate effect.

Since, the school is not following fund base accounting in accordance with the provision cited above. The total fee (including earmarked fee) have been included in income and expenditure and have been considered in calculation of fund availability with the school and school is directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus/deficit, if any, generated from earmarked levies has to be utilised or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised structure for earmarked levies during the subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.

2. The Directorate of Education, in its Order No. DE.15/Act/Duggal.Com/ 203/99/23033-23980 dated 15.12.1999, indicated the heads of fee/ fund that recognised private unaided school can collect from the students/ parents, which include:

- Registration Fee
- Admission Fee

- Caution Money
- Tuition Fee
- Annual Charges
- Earmarked Levies
- Development Fee

Further, clause no. 9 of the aforementioned order states "*No fee, fund or any other charge by whatever name called, shall be levied or realised unless it is determined by the Managing Committee in accordance with the directions contained in this order …* …"

The aforementioned order was also upheld by the Hon'ble Supreme Court in the case of Modern School vs Union of India & Others.

On review of fee structure submitted by the school it has been noted that the school's fee structure includes 'Pupil fund' as fee being collected from all students. As per the provisions of above mentioned order, school is not allowed to collect Pupil Fund as fee.

Similar observation was noted as per Order no. F.DE.15(242)/PSB/2019/1305-1309 dated 29.03.2019 issued for academic session 2017-18 wherein school was directed to stop collection of pupil fund from students.

Since fee head of Pupil Fund has not been defined for recognised private unaided school and the purposes for which the school has utilised the same is covered under 'Annual Charges' collected by the school from students therefore, the school is directed not to charge separate fee in the name of 'Pupil Fee' from the students with immediate effect and submit the compliance report within 30 days from the date of issue of this order.

3. On review of submission of documents made post personal hearing, it has been noted that the school had no process in relation to calling of quotations from vendor, approval process, gate inward control and payment, only oral communication is done with the prospective suppliers and no documentation was done for the same. The school was not preparing any comparative statement for evaluating the quotations received from vendors and was not getting the same approved from the purchase committee. Also, the school does not have a process of maintaining gate inward and outward register and stamping the invoice at entry gate.

   Accordingly, the school is directed to follow proper procurement process and maintain proper documentation in relation to procurements and purchases done by the school. Compliance of the above shall be verified at the time of evaluation of proposal for fee enhancement for subsequent year.

4. Direction no. 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."*

On review of financial statements for FY 2018-19, It has been noted that school has not been refunding the caution money to all the leaving students rather the refund was made only to those students who makes an application for refund of caution money. School has also not refunded interest along with caution money to exiting students. Further, the school has not provided the calculation for amount of unclaimed caution money payable to the ex-students.

Therefore, the school is directed to ensure compliance with the aforementioned directions including refund of caution money along with interest to exiting students and treat un-claimed caution money as income after the expiry of 30 days from the date of communication with ex-students to collect the same. Further, the balance of caution money outstanding INR 2,43,500 as on 31.03.2018 has been considered while deriving the fund position of the school.

**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 2018-19 amounting to INR **24,08,22,122** out of which cash outflow in the year 2018-19 is INR **24,95,21,619**. This results in net deficit of INR **86,99,497.** The details are as follows:

| **Particulars** | **Amount (in INR)** |
|---|---|
| Cash and Bank balances as on 31.03.18 as per Audited Financial Statement | 11,74,507 |
| Investments as on 31.03.18 as per Audited Financial Statements | 6,63,907 |
| **Liquid fund as on 31.03.18** | **18,38,414** |
| Add: Recovery from the society towards amount spent on purchase of buses out of school funds (Refer Financial Observation No. 1) | 29,56,041 |
| Add: Recovery from society towards additions made to building (Refer Financial Observation No. 2) | 1,26,29,514 |
| Add: Recovery of Salary paid to the Manager of the School (Refer Financial Observation No. 3) | 14,40,000 |
| Add: Fees for FY 2018-19 as per Audited Financial Statements (Refer Note 1) | 22,28,65,560 |
| **Total available funds for FY 2018-19** | **24,17,29,529** |
| Less: FDR on joint name with Dy. DOE | 4,33,669 |
| Less: FDR on joint name with Secretary, CBSE | 2,30,238 |
| Less: Caution money as on 31.03.2018 (as per audited financial statements for FY 2018-19) (Refer Other Observation no. 4) | 2,43,500 |
| Less: Development Fund Balance as on 31.03.2018 (Refer Financial Observation No. 5) | - |
| **Net Available Funds for FY 2018-19** | **24,08,22,122** |
| Less: Expenditure as per audited financial statement for the session 2018-19 (Refer Note 2 to 4) | **24,95,21,619** |
| **Net Deficit** | **(86,99,497)** |

**Note 1:** Fee and income as per audited financial statements for FY 2018-19 has been considered except depreciation on fixed assets purchased out of development INR 24,98,449 being notional income.

**Note 2**: Depreciation amounting to INR 1,66,87,766 has not considered being non-cash expense, it would not result in cash outflow.

**Note 3:** As per financial discrepancies no. 3, the school has created provision towards gratuity and leave encashment amounting to INR 2,98,27,729 without making equivalent investments in plan assets as per AS-15 issued by ICAI. Accordingly, these expenses have not considered while deriving the fund position of the school.

**Note 4:** As per minutes of meeting of the management committee of school dated 18/03/2019, the members decided to implement 7CPC w.e.f 01.04.2019 on the ground of insufficient funds with the school. Further, the school has submitted that the school will not be able to pay the full salary along with all admissible allowances to the staff as per the recommendation of 7th CPC and will not be able to pay salary arrears to the staff. Therefore, salary arrears has not been considered while evaluating the fee hike proposal.

ii. The school does not have sufficient funds to carry on the operation of the school for the academic session 2018-19 at the existing fees 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 above evaluation which is based on the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, it was recommended by the team of Chartered Accountants along with certain financial and other observations, that the sufficient funds are not available with the school to carry out its operations for the academic session 2018-19. Accordingly, the fee increase proposal of the school may be accepted.

AND WHEREAS, it is also noticed that the School has incurred INR 1,70,25,555 for purchase of buses, additions to building and payment of salary to manager out of the school fund which is not in accordance with clause 2 of public notice dated 04.05.1997, Rule 177 of DSER, 1973, court judgements and Recruitment Rules prescribed under DSEA, 1973. Thus, the school is directed to recover INR 1,70,25,555 from the society. The receipt of above amount along with copy of bank statement showing the receipt of above-mentioned amount should be submitted with DoE, in compliance of the same, within 30 days from the date of issuance of this order. Non-compliance of this shall be taken up as per DSEA & R, 1973.

AND WHEREAS, recommendation of the team of Chartered Accountants 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 funds are not available with the school for meeting financial implication for the academic session 2018-19.

AND WHEREAS, it is relevant to mention that Covid-19 pandemic had a wide spread impact on the entire society as well as on general economy. Further, charging of any arrears on account of fee for several months from the parents is not advisable not only because of additional sudden burden fall upon the parents/students but also as per the past experience, the benefit of such collected arrears are not passed to the teachers and staff in most of the cases as was observed by the Justice Anil Dev Singh Committee during the implementation of the 6$^{th}$ CPC. Keeping this in view, and exercising the powers conferred under Rule 43 of DSER, 1973, the Director (Education) has accepted the proposal submitted by the school and allowed an increase in fee by 5% to be effective from 01 July 2022.

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

Accordingly, it is hereby conveyed that the proposal of fee increase for the academic session 2018-19 of **Indraprastha World School (School ID: 1617175), A-2 Block, Balbeer Singh Marg, Paschim Vihar, Delhi-110063** has been accepted by the Director (Education) and the school is hereby allowed to increase the fee by 5% to be effective from 01 July 2022.

The school has not implemented most of the directions from the earlier order as mentioned in financial and other observations of this order. The school should implement 7th CPC within a prescribed timeline and submit a compliance of the same within the said prescribed timeline otherwise the order for fee hike might be revoked and actions will be initiated under section 24(3) of DSEA, 1973.

1. To increase the fee only by the prescribed percentage from the specified date.

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 Delhi School Education Act, 1973 and Delhi School Education Rules, 1973.

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

**(Yogesh Pal Singh)**
**Deputy Director of Education**
**(Private School Branch)**
**Directorate of Education, GNCT of Delhi**

**To:**

**The Manager/ HoS**
**Indraprastha World School (School ID: 1617175),**
**A-2 Block, Balbeer Singh Marg,**
**Paschim Vihar, Delhi-110063**

No. F.DE.15 (636)/PSB/2022/ 3840-3844 Dated: 31/05/22

**Copy to:**

1. P.S. to Principal Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (West B) ensure the compliance of the above order by the school management.
4. In-charge (I.T Cell) with the request to upload on the website of this Directorate.
5. Guard file.

**(Yogesh Pal Singh)**
**Deputy Director of Education**
**(Private School Branch)**
**Directorate of Education, GNCT of Delhi**