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

No. F.DE.15 (617)/PSB/2022/ 3730 – 3734 **Dated:** 27/05/22

ORDER

WHEREAS, **Indraprastha International School, (School ID-1821180), Dwarka, Delhi-110075** (hereinafter referred to as "**the School**"), run by the Kanta Devi Charitable and 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 International School, (School ID-1821180), Dwarka, Delhi-110075,** 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(252)/PSB/2019/1320-1324 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(252)/PSB/2019/1320-1324 dated 29.03.2019 issued for academic session 2017-18 are as under:

A. Financial Observations

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

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

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

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

As per the Directorate's Order no. F.DE-15(252)/PSB/2019/1320-1324 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 development fund for construction of building in FY 2015-16 and 2016-17 amounting to INR 72,24,899 and INR 44,46,979 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 1,63,60,800 during FY 2014-15 to FY 2016-17. The contention of the school cannot be accepted as the school has not provided any supporting documents to support the same.

On review of audited financial statements for FY 2017-18 and FY 2018-19, it has been noted that during FY 2017-18, School has incurred capital expenditure on construction of Swimming pool amounting to INR 98,27,590 and on renovation of infrastructure amounting to INR 18,94,771 which is not in compliance with rule 177 of DSER, 1973.

The school was well aware about the implementation of the recommendation of the 7th CPC and its statutory liability towards gratuity and leave encashment and the school instead of paying salary to its staff in accordance with the recommendation of 7th CPC preferred to incur expenditure of capital nature (which would otherwise will be responsibility of the society) in the grad to get the fee hike from the Director of Education. Thus, all the above contentions and arguments of the school are not correct, and the school should refrain itself from incurring expenditure on school building and land as this is the responsibility of the society as per the aforesaid provisions.

Accordingly, the capital expenditure of INR 2,33,94,239 (INR 1,16,71,878 as per previous year's Order plus INR 98,27,590 for construction of swimming pool plus INR 18,94,771 for renovation 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.

2. As per Section 18(4) of DSEA, 1973, income derived by unaided schools by way of fees shall be utilized only for such educational purposes as may be prescribed.

   As per order no. F.DE-15(252)/PSB/2019/1320-1324 dated 29.03.2019 for evaluation of fee enhancement for the FY 2017-18, school was directed to recover the amount of INR 31,24,572 from society i.e. amount utilised for purchase of cars during FY 2015-16 which was incurred without complying the requirements prescribed in Section 18(4) of DSEA, 1973. However, the school has not recovered such amount from the society yet. Accordingly, the amount of INR 31,24,572 has been included in calculation of fund availability with the school with the direction to recover such amount from the society within 30 days from the date of issue of this order.

3. 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.

From the record submitted by the school, 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 accounts. As per the financial statements for FY 2018-19, the total liability towards retirement benefit was INR 2,46,30,264 as on 31.03.2019 and the school has also paid gratuity of INR 3,46,232 to the teachers. However, school has not deposited the equivalent amount in plan assets as investment as required by AS-15. Accordingly, amount restricted to the actual payment made towards gratuity during FY 2018-19 has been considered while deriving the fund position of the school. The provision of INR 2,46,30,264 for gratuity & leave encashment 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.

4. 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."*

However, 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 account. Further, school has presented fixed assets purchased out of development fund 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 utilised development fee amounting to INR 1,44,08,417 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
Library Books	2,43,625	1,31,881
Infrastructure Upgradation Expenses	42,05,321	-
Swimming Pool Shifting Expenses	98,27,590	-
Sub-total	1,42,76,536	1,31,881
Total		**1,44,08,417**

Similar observation was noted as per order no. F.DE.15(252)/PSB/2019/1320-1324 dated 29.03.2019 issued for academic session 2017-18, wherein school was directed to make necessary adjustments amounting to INR 2,17,08,303 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. Therefore the ,school is once again directed to comply with the above direction.

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. 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 and debiting development fund utilisation account without directly showing purchase made from development fund as development fund utilisation account.

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 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.

5. 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 8,67,500 as on 31.03.2018 has been considered while deriving the fund position of the school.

B. Other Observations

1. 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.*"

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 11.02.2009 states "*Earmarked levies will be calculated and collected on 'no-profit no loss' basis and spent only for the purpose for which they are being charged.*"

Clause no. 9 of the 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 ......*"

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).

On the basis of information provided by the school taken on record, it has been noted that the school charges earmarked levies in the form of transport fees, smart class/ Health/Hygiene & Safety fees, Swimming fees, Computer/lab charges from students. However, the school has not maintained separate fund accounts for these earmarked levies and the school has been generating surplus from earmarked levies that has been utilised for meeting other expenses of the school, which was also mentioned in Directorate's order no. F.DE-15(183)/PSB/2019/1025-1029 dated 14.03.2019. Details of calculation of surplus/deficit, based on breakup of expenditure provided by the school for FY 2016-17 and 2017-18 is given below:

(Amount in INR)

Particulars	Transport Fee^	ECS/SS/ HH/Sec	Swimming Fee	Computer Fees*
For the year 2016-17				
Fee Collected during the year (A)	5,10,91,750	1,59,28,950	43,75,720	10,68,750
Expenses during the year (B)	4,48,02,827	1,74,37,712	45,27,100	-
Difference for the year (A-B)	**62,88,923**	**(15,08,762)**	**(1,51,380)**	**10,68,750**
For the year 2017-18				
Fee Collected during the year (A)	5,50,40,180	1,59,29,500	43,80,354	11,90,750
Expenses during the year (B)	5,94,58,366	1,61,35,912	49,36,800	-
Difference for the year (A-B)	**(44,18,186)**	**(2,06,412)**	**(5,56,446)**	**11,90,750**
Total	**18,70,737**	**(17,15,174)**	**(7,07,826)**	**22,59,500**

^The school has not apportioned depreciation on vehicles used for transportation of students in the expenses stated in table above for FY 2016-17 and FY 2017-18 for creating fund for replacement of vehicles, which should have been done to ensure that the cost of vehicles is apportioned to the students using the transport facility during the life of the vehicles.

* School has charged Computer fee during FY 2016-17 and FY 2017-18 however expenses incurred for Computer fee has not been specifically 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 smart class/ Health/Hygiene & Safety fees, from all the students which loses the character of earmarked levies. Therefore, the school may be 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.

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.

2. 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.

3. As per Order No. F.DE.15(252)/PSB/2019/1320-1324 dated 29.03.2019 issued to the school post evaluation of proposal for enhancement of fee for FY 2017-18, it was noted that school was not complying with the DOE Order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 and condition mentioned at S. No. 18 in the land allotment letter which provides for 25% reservation to children belonging to EWS category.

It was noted that the details of EWS students and total students from FY 2015-16 and FY 2016-17 are as follows:

Particulars	FY 2015-16	FY 2016-17
Total Students	2,522	2,555
EWS Students	131	139
% of EWS students	5.19%	5.44%

During the evaluation of fee increase proposal, the school was asked to provide the details of fee paying and EWS students. However, the school has not submitted details of total and EWS students due to which it cannot be established if school has complied with the directions given by the Directorate in above mentioned order. Accordingly, the school is directed to submit details of total student and EWS student to the directorate and to comply with the directions of the Directorate to in relation to land allotment condition of minimum 25% reservation to EWS category students as the same shall be verified at the time of evaluation of proposal for fee enhancement for subsequent financial year.

4. 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.

From review of the 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(252)/PSB/2019/1320-1324 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.

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 **29,60,81,012** out of which cash outflow in the year 2018-19 is INR **30,36,50,256**. This results in net deficit of INR **75,69,244.** The details are as follows:

Particulars	Amount (in INR)
Cash and Bank balances as on 31.03.18 as per Audited Financial Statements	14,66,932
Bank Overdraft as On 31.03.2018 as per Audited Financial Statements	(1,85,96,617)
Investments as on 31.03.18 as per Audited Financial Statements	8,83,156
Liquid funds as on 31.03.18	**(1,62,46,529)**
Add: Recoverable from society on account of Addition made to building **(Refer Financial Observation No.1)**	2,33,94,239
Add: Recoverable from society on account of purchase of car **(Refer Financial Observation No.2)**	31,24,572

Particulars	Amount (in INR)
Add: Fees and other incomes for FY 2018-19 as per audited financial statements of FY 2018-19 of the school **[Refer Note No.1]**	28,75,59,386
Total Available funds for FY 2018-19	**29,78,31,668**
Less: Development Fee as on 31.03.2018 **(Refer Financial Observation No.4)**	-
Less: Caution Money as on 31.03.2018 **(Refer Financial Observation No.5)**	8,67,500
Less: Investment in name of Director of Education & Manager of the school **(As per School's Submission)**	4,12,568
Less: Investment in name of Secretary, CBSE and Manager of the school **(As per School's Submission)**	4,70,588
Less: Investment for Retirement Benefits **(Refer Financial Observation No.3)**	-
Net Available funds for FY 2018-19	**29,60,81,012**
Less: Audited expenses for the session 2018-19 (After adjustments) **(Refer Note 2)**	30,36,50,256
Net Deficit	**(75,69,244)**

Note 1: Fee and income as per audited financial statements for FY 2018-19 has been considered except Liability written off INR 17,39,883, depreciation on fixed assets purchased out of development INR 30,51,965 being notional income.

Note 2: Depreciation amounting to INR 1,89,21,361 has not considered being non-cash expense, it would not result in cash outflow.

Note 3: As per financial observation no. 3, the school has created provision towards gratuity and leave encashment for INR 2,46,30,264 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 29/03/2019, 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.

Note 5: From the review of audited financial statement of FY 2018-19 and the documents submitted by the school, it has been noted that the school has been incurring unusual expenditures under the following heads which appears to be excessive and unreasonable considering the volume of these expenditures. Therefore, the same has not been considered while evaluating the fee hike proposal for the academic session 2018-19.

Particulars	% Change	Remarks
Establishment Expenses		

Particulars	% Change	Remarks
Salary Non- Teaching Staff	45,73,368	School has increased the expenditure substantially for which reasonable explanation or supporting documents are not provided by the school. Thus, expenditure is restricted to 110% of that incurred in FY 2017-18.
Sports Staff Contractual	7,56,000	
Staff Welfare	10,03,681	
Total	**63,33,049**	
Other Expenses		
Legal consultancy Charges	2,62,030	School has introduced new head of expenditure for which reasonable explanation or supporting documents are not provided by the school. Thus, the same has not been considered as expenditure.
Festival/Event celebration	22,10,749	
Annual day expenses	27,54,462	
Maintenance CCTV Camera	20,16,211	
Miscellaneous Expenses	3,59,862	
Inter School Participation Expenses	11,43,724	
Running and maintenance of swimming pool as per contract	53,22,168	
Sub-total (A)	**1,40,69,206**	
Total (A+B)	**2,04,02,255**	

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, 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 6th 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 4% 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 International School, (School ID-1821180), Dwarka, Delhi-110075** has been accepted by the Director (Education) and the school is hereby allowed to increase the fee by 4% 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 International School, (School ID-1821180),
Dwarka, Delhi-110075
No. F.DE.15 (617)/PSB/2022/ 3730-3734 Dated: 27/05/22

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 (South 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