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

No. F.DE.15 (507**) / PSB / 2022 /** 2930-2934 **Dated:** 12/05/22

ORDER

WHEREAS, **JHABBAN LAL D.A.V PUBLIC SCHOOL, (School ID-1617171), J-Block, Paschim Vihar, Delhi-110063,** (hereinafter referred to as **"the School"**), run by the **DAV College Managing Committee** (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, every 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.'*

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 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/2019/2698-2707 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 this Directorate **JHABBAN LAL D.A.V PUBLIC SCHOOL, (School ID-1617171), J-Block, Paschim Vihar, Delhi-110063** submitted its proposal for enhancement of fee for the academic session 2019-20. Accordingly, this order is dispensed off the proposal for enhancement of fee submitted by the school for the academic session **2019-20.**

AND WHEREAS, in order 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 2019-20, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 18.10.2019 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.

AND WHEREAS, the reply of the school, documents uploaded on the web portal for fee increase and subsequent documents submitted by the school were thoroughly evaluated by the team of Chartered Accountants and key observations noted are as under:

A. Financial Observations

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 obligations and the fair value of any plan assets with sufficient regularity that the amounts recognised in the Financial Statements do not differ materially from the amounts that would be determined at the balance sheet date."*

   According to para 7.14 of the Accounting Standard 15 – 'Employee Benefits' issued by the Institute of Chartered Accountants of India, "Plan assets comprise:

   (a) assets held by a long-term employee benefit fund; and
   (b) qualifying insurance policies."

   As per practice adopted by the schools under the management of DAV CMC, the school provides for Gratuity and Leave encashment expense @ 7% and 3% respectively of Basic Pay and Dearness Allowance, which is transferred to DAV CMC. DAV CMC in turn manages and maintains the common pool of funds for all schools under its management and uses the same for payment of gratuity and leave encashment liability as and when the same arises in respect of the staff of respective school at the time of his/her resignation/ retirement.

   The school was directed by Directorate through its Order no. FDE-15/ACT-I/WPC-4109/PART/13/441-445 dated 02.02.2017 issued to the school post evaluation of the proposal for fee enhancement for FY 2016-17, to obtain an actuarial valuation of its gratuity and leave encashment liabilities, Further, the school was directed to disclose its liabilities on account of gratuity and leave encashment. Also invest the amount in the plan assets as prescribed in AS-15 from FY 2018-19 onwards

   During the evaluation of fee increase proposal, the school had explained that the school mentioned that DAV CMC is in the process of getting the actuarial valuation of retirement benefits of staff of all the schools under its management and the selection process of the actuary has been completed by DAV CMC for carrying out the valuation. It was further explained that the valuation exercise has been initiated for all school under the management of DAV CMC, thus, it has taken more time than expected in collecting the staff data from schools across India, verifying the same and submitting it to the Actuary for valuation. The school further mentioned that the liability as per actuarial valuation would be presented in the financial statements of the school for FY 2018-19 along with investment in plan-assets as per the requirements of AS-15.

   The school did not comply with the requirements of AS-15 and directorate's directions regarding making investment with LIC (or any other agency) in respect of its liability towards retirement benefit and towards actuarial valuation for leave encashment. While the school has obtained the actuarial valuation report regarding its liability towards gratuity as on 31.03.2019. The provisions towards retirement benefits created by the school in its financial statements for FY 2018-19 were not in agreement with the actuarial valuation report. It was noted that the school was not reflecting correct liability towards retirement benefits. The provision created by the school and liability for retirement benefits determined by actuary, and fund balance with DAV CMS are enclosed below:

(Amount in INR)

Head	Lability in FS	Liability as per Actuarial Report	Amount invested in Plan Assets	Balance with DAVCMC
For the year 2016-17				
Gratuity Fund	4,16,564	-	-	3,82,049
Leave Encashment Fund	1,60,956	-	-	-
Total	**5,77,520**	**-**	**-**	**3,82,049**
For the year 2017-18*				
Gratuity Fund	70,18,293	-	-	73,17,224
Leave Encashment Fund	69,47,580	-	-	69,47,580
Total	**1,39,65,873**	**-**	**-**	**1,42,64,805**
For the year 2018-19				
Gratuity Fund	88,29,329	3,15,56,438	-	91,51,100
Leave Encashment Fund	79,45,329	-	-	79,45,329
Total	**1,67,74,658**	**3,15,56,438**	**-**	**1,67,74,658**

Since the school has not deposited any amount in the plan assets in accordance with AS-15 issued by ICAI in compliance of directions given in order no. FDE-15/ACT-I/WPC-4109/PART/13/441-445 dated 02.02.2017 issued for academic session 2017-18 and therefore, these provisions towards gratuity and leave encashment have not been considered while deriving the fund position of the school.

In absence of investments in plan assets, expenditure towards gratuity and leave encashment during FY 2019-20 have been restricted to the amount of actual pay-out to the staff upon retirement during FY 2019-20 (as per details submitted by the school) and adjusted from the budgeted expenses of FY 2019-20 while deriving the fund position of the school. As per budgeted establishment expense of the school for FY 2019-20, the school has booked expense for gratuity and leave encashment amounting INR 22,87,945 and INR 9,80,538 respectively against which no amount has been paid for gratuity and leave encashment to staff. Therefore, while deriving the fund position of the school, pay-out to the school staff only has been considered and no provisional expense has been considered.

Accordingly, the school is directed to invest in the investments that qualify as 'Plan Assets' within 30 days from the date of this order.

2. As per practice adopted by the schools under the management of DAV CMC, administration charges are paid to DAV CMC at the rate of 4% of the basic salary paid by the school to its staff till 2016-

17. From FY 2017-18, the DAVCMC has started to charge from school administrative charges @7% of the basic salary on account of increase in employee cost due to VII pay commission to DAV CMC.

However, considering that basic salary of the staff at school has also increased substantially on account of implementation of 7th CPC during FY 2017-2018, that results in 21% increase in the amount of administrative expenses (compared with FY 2016-17) and should be sufficient to absorb the impact of increased cost at DAV CMC. Accordingly, administrative charges have been allowed @ 2% of basic salary FROM FY 2017-18 onwards for the schools operating under management of DAV CMC.

On review of audited Financial Statements, it has been noted that the school has paid administrative charges @ 4% of basic & grade pay which resulted in excess payment of INR 2,78,289 in FY 2017-18 & INR 2,83,830 in 2018-19.

Thus, school is directed to recover INR 5,62,119 from the DAV CMC within 30 days from the issue of this order. Further, budgeted expenses over and above 2% has not been considered while evaluating fees hike proposal.

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 Order No. DE.15/Act/Duggal.Com/ 203/99/23033-23980 dated 15.12.1999 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).

From the information provided by the school and taken on record, it has been noted that the school charges earmarked levies in the form of transport fees, computer fee, science fees, insurance, pupil fees etc. 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. FDE-15/ACT-I/WPC-4109/PART/13/441-445 dated 02.02.2017 for session 2016-17. Details of calculation of surplus, based on breakup of expenditure provided by the school for FY 2016-17; 2017-18 & 2018-19 is given below:

Particulars	**Science Fees**	**Pupil Fees**	**Transportation Fees***	**Computer Fees**
For the year 2016-17	7,37,405	14,87,850	34,48,730	11,34,515
Fee Collected during the year (A)	7,37,405	14,87,850	34,48,730	11,34,515
Expenses during the year (B)	8,85,008	1,29,483	34,39,915	7,16,483
Difference for the year (A-B)	**(1,47,603)**	**13,58,367**	**8,815**	**4,18,032**
For the year 2017-18				
Fee Collected during the year (A)	7,13,570	13,89,440	38,30,150	12,82,358
Expenses during the year (B)	9,20,812	55,851	40,57,609	1,12,284
Difference for the year (A-B)	**(2,07,242)**	**13,33,589**	**(2,27,459)**	**11,70,074**
For the year 2018-19				
Fee Collected during the year (A)	4,21,175	13,82,290	40,21,120	1,65,660

Expenses during the year (B)	-	-	30,96,188	1,86,022
Difference for the year (A-B)	**4,21,175**	**13,82,290**	**9,24,932**	**(20,362)**
Total	**22,26,995**	**15,67,624**	**84,22,456**	**8,08,405**

* The school has not apportioned depreciation on vehicles used for transportation of students in the expenses stated in table above 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.

On the basis of aforementioned orders, 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).

Further, based on the fact that the 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, the school is directed not to collect pupil fund from students with immediate effect.

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

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 102 of the aforementioned Guidance Note states "In 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."

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 for FY 2018-19 and has not prepared separate fixed assets schedules for assets purchased against development fund and those purchased from other funds. Also fixed assets schedule is prepared on WDV basis.

On review of the audited financial statements of the school for FY 2018-19, it was noted that the school was not treating development fees as capital receipt instead treated it as revenue receipts for meeting revenue expenses of the school. Further, no disclosure is given on face of balance sheet for "Fund utilized against assets", which should be equal to cost of all assets purchased from development fund. Therefore, we have not considered the development fund balance while calculating the fund availability with the school for FY 2019-20.

The above being a procedural observation, no financial impact is warranted for deriving the fund position of the school. The school is directed to follow DOE instruction in this regard and maintain separate bank account for deposit and utilization of development fund. Further, the school should ensure that development fund is utilised only towards purchase of furniture, fixture and equipment.

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

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

Further, Clause 3 and 4 of Order no. DE/15/150/Act/2010/4854-69 dated 09.09.2010 stated "*In case of those ex-students who have not been refunded the Caution Money/Security Deposit, the schools* *shall inform them (students) at their last shown address in writing to collect the said amount within thirty days. After the expiry of thirty days, the un-refunded Caution Money belonging to the ex-students shall be reflected as income for the next financial year & it shall not be shown as liability. Further, this income shall also be considered while projecting fee structure for ensuing Academic year."*

On review of audited Financial Statements for the year ended 31.03.2019 and post evaluation of proposal for enhancement of fee for FY 2019-20 it has been noted that:

- As on 31.03.2019 caution money balance is INR 10,63,400, whereas caution money balance should be 5,05,500 for 1001 students.

- School has not refunded the caution money along with interest thereon to the students. Hence, the school is directed to refund caution money along with interest to students.

The school has not reflected un-refunded caution money belonging to ex-students as income in the next financial year after the expiry of thirty days from the date of communication with the students to collect their caution money and has also not taken this into account while projecting fee structure for ensuing academic year. The school is instructed to follow DOE's directions in this regard.

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

On review of financial statement for the FY 2017-2018 & 2018-19, we noted that that the school has incurred expenditure of INR 39,900 & INR 70,321 respectively on library book and same is reflected as utilisation of development fund which is contravention of above clause 14 of the above order.

The school is directed to follow DOE instruction in this regard and ensure compliance of clause 14 of the order dated 11.02.2009.

5. The school has prepared a Fixed Assets Register (FAR) that only captures asset name, date and amount. The school should also include details such as supplier name, invoice number, manufacturer's serial number, location, depreciation, asset identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place.

The school is directed to update the FAR with relevant details mentioned above. The above being a procedural observation, no financial impact is warranted for 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 2019-20 amounting to INR **8,60,96,440** out of which cash outflow in the year 2019-20 is estimated to be INR **6,50,25,208**. This results in net surplus of INR **2,10,71,232.** The details are as follows:

Particulars	Amount In INR
Cash and Bank balances as on 31.03.19 (as per audited Financial Statements of FY 2018-19)	84,05,599
Investments (Fixed Deposits) as on 31.03.19 (as per audited Financial Statements of FY 2018-19)	60,31,543
Current Account Balance with DAV CMC as on 31.03.19 (as per audited Financial Statements of FY 2018-19)	3,21,771
Investments in Pool account with DAV CMC	1,67,74,658
Total Liquid Funds Available with the School as on 31 Mar 2019	3,15,33,571
Add: Recovery of excess administration charges from DAV CMC (for FY 2017-18 and 2018-19) **(Refer Financial Observation no. 2)**	5,62,119
Add: Fees for 2018-19 as per audited Financial Statements	5,35,24,157
Add: Other income for 2018-19 as per audited Financial Statements	19,57,046
Gross Available Funds for FY 2019-20	**8,75,76,893**
Less: Development Fund	-
Less: Caution Money as on 31.03.2019 **(Refer other observation no 3)**	10,63,400
Less: FDR on joint name with CBSE as on 31.03.2019	4,17,053
Net Estimated Funds for FY 2019-20	**8,60,96,440**
Total cash outflow (Revenue Expenditure + Capital Expenditure - Depreciation) Refer Note 1 below)	5,92,03,473
Less: Arrears of salary on implementation of 7th CPC **(Refer Note 2)**	58,21,735
Estimated Surplus	**2,10,71,232**

Notes:

1. All budgeted expenditure proposed by the school has been considered while deriving the fund position of the school except the following:

Particulars	Amount Budgeted (in INR)	Remarks
Leave Encashment	9,80,538	**Financial Observations no. 1**
Gratuity	22,87,945	**Financial Observations no. 1**
Administrative expenses	2,87,670	**Financial Observations no. 2**

Expenses disallowed over and above 10%	17,19,467	**Refer Note – 3 Below**
Total	**52,75,620**	

2. As per order No. DE.15 (318)/PDB/2016/18117, dated 25.08.2017, the Managing Committee of all the private unaided recognized schools were directed to implement the Central Civil Revised Pay Rules 2016 in respect of the regular employees of the corresponding status in their schools with effect from 01.01.2016 as adopted by the Government of NCT of Delhi vide its circulars No. 30-3(17)/(12)/VII Pay Comm./Coord./2016/110006-11016 dated 19.08.2016 and No. 30-3(17)/(12)/VII Pay Comm./Coord./2016/12659-12689 dated 14.10.2016. Further, vide order no. F.DE.15/ (318)/PSB/2019/11925-30 dated 09.10.2019, the managing committee of all Private Unaided Schools once again directed to implement the recommendation of 7th CPC with effect 01.01.2016 within 15 days from the date of issue of aforesaid order.

   Further, section 10 of DSEA states " *the scales of pay and allowances, medical facilities, mention, gratuity, provident fund and other prescribed benefits of the employees of recognized private school shall not be less than those of the employees of the corresponding status in school run by the appropriate authority*". Therefore, employees of all the private unaided recognized schools are entitled to get the revised pay commission. This legal position has been settled by the Hon'ble High Court long back at the in the matter of WPC 160/2017; titled as Lata Rana Versus DAV Public School & Ors vide order dated 06.09.2018 for implementation of sixth pay commission recommendations.

   On review of audited financial statements of the school and as per explanation given, school is paying the salary as per VI pay commission. Accordingly, the impact of salary arrears amounting to INR 58,21,735 which is still pending for payment (as provided by the school) has also been considered while deriving the fund position of the school with the direction to the school to implement the recommendations of 7th CPC in full within 30 days from the date of issue of this order. A strict action against the school would be initiated u/s 24(3) of DSEA, 1973 for non-compliance with the direction cited above.

3. Under the following heads the School has proposed expenditure in excess of 10% as compared to the actual expenditure incurred in FY 2018-19 or proposed new head of expenditure for which the school has not offered satisfactory explanation/ justification. Therefore, the aforesaid expenditure in excess of 10% over the previous year and/or new head of expenditure have not been considered in the evaluation of fee increase proposal:

Particulars	As per audited Income & expenditure account for FY 2018-19	As per Budget for FY 2019-20	Net Increase/ Decrease	% Change	Amount Disallowed
Affiliation fees	10,500	2,00,200	1,89,700	1807%	1,88,650
Expenses of teaching & non-teaching staff	1,02,968	2,56,981	1,54,013	150%	1,43,716.20

Agency and Legal Fees	12,41,078	18,00,871	5,59,793	45%	4,35,685.20
Building Expenses	2,32,463	6,40,479	4,08,016	176%	3,84,769.70
Computer & Software AMC Expenses	1,86,022	4,13,922	2,27,900	123%	2,09,297.80
Other Allowances	5,62,197	9,75,765	4,13,568	74%	3,57,348.30
Total	**23,35,228**	**42,88,218**	**19,52,990**		**17,19,467**

ii. In view of the above examination, it is evident that the school has sufficient funds to carry on the operation of the school for the academic session 2019-20 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 that along with certain financial and other observations that were identified (appropriate financial impact of which has been taken on the fund position of the school) and certain procedural observations which were also noted (appropriate instructions against which have been given in this order), that the sufficient funds are available with the school to carry out its operations for the academic session 2019-20. Accordingly, the fee increase proposal of the school may be rejected.

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 the school has sufficient funds for meeting financial implication for the academic session 2019-20. Therefore, Director (Education) has rejected the proposal submitted by the school to increase the fee for the academic session 2019-20.

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 enhancement of fee for session 2019-20 of **JHABBAN LAL D.A.V PUBLIC SCHOOL, (School ID-1617171), J-Block, Paschim Vihar, Delhi-110063** is rejected by the Director (Education).

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

1. Not to increase any fee/charges during FY 2019-20. In case, the school has already charged increased fee during FY 2019-20, the school should make necessary adjustments from future fee/refund the amount of excess fee collected, if any, as per the convenience of the parents.

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

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

To
The Manager/ HoS
Jhabban Lal D.A.V. PUBLIC SCHOOL (School ID 1617171)
J-Block, Paschim Vihar, Phase IV, Delhi-110063

No. F.DE.15 (507) / PSB / 2022 / 2930 - 2934 Dated: 12/05/22

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