

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

No. F.DE.15 (605)/PSB/2022/ 3676-3680

Dated: 26/05/22

**ORDER**

WHEREAS, Indira Ideal School, School ID 1618240, C-3, Janakpuri, New Delhi -110058 (hereinafter referred to as "the School"), run by the Indira Adarsh Shiksha Samity (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 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 , **Indira Ideal School, School ID 1618240, C-3, Janakpuri, New Delhi -110058**, submitted the proposal for fee increase for the academic session **2019-20**. Accordingly, this order dispenses the proposal for enhancement of fee submitted by the School for the academic session **2019-20**.

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 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 27.11.2019 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/(262)/PSB/2019/1600 – 1604 dated 05.04.2019 issued for academic session 2017-18 were also discussed and school submission were taken on record.

AND WHEREAS, the reply of the school, documents uploaded on the web portal for fee increased together with subsequent documents/clarification 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/ (262)/PSB/2019/1600 – 1604 dated 05.04.2019 issued for academic session 2017-18 are as under:





## A. Financial Observations

1. As per clause no. 2 of 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 Feb 2005 issued by this Directorate states *"Capital expenditure cannot constitute a component of the financial fee structure."*

Accordingly, based on the aforementioned public notice and Hon'ble 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 order no. F.DE.15 (262)/PSB/2019/1600-1604 dated 05.04.2019 issued for academic session 2017-18, it was noted that school had incurred capital expenditure totalling to INR. 12,47,250 and the same was capitalised as school building in the aforesaid financial years, which was not in accordance with the aforementioned provisions. Further, this capital expenditure was incurred by the school without complying the requirements prescribed in Rule 177 of DSER, 1973. This expenditure on the construction of building totalling to INR. 12,47,250 was hence added to the fund position of the school considering the same as funds available with the school and with the direction to the school to recover this amount from the Society within 30 days from the date of issue of that order. Subsequently, the school in its representation letter dated 06.06.2019 claimed that said amount is mainly spent on renovation and maintenance of building like maintenance of school toilets, playgrounds, classrooms, etc. As per audited Financial Statements aforesaid expenditure are of capital expenditure as school has capitalised its building with the amount of expenditure incurred. Moreover, auditor of the school has issued an unqualified report on these Financial Statements. Accordingly, school is to recover the aforesaid amount from the society. Accordingly, this amount has been considered as fund available with the school while calculating the fund position of the school and school is directed to recover the aforesaid amount from the society within 30 days from the date of the order failing which necessary action shall be taken against the school in accordance with provision of section 24(4) of DSEA, 1973.

2. As per Directorate's order No. F. DE-15(262)/PSB/2019/1600-1604 dated 05.04.2019 issued post evaluation of the proposal for enhancement of fee for FY 2017-18 read with order no. F. DE-15/Act-I/WPC-4109/Part/13/885 dated 04.09.2017 it was noted that the school runs nursery and KG classes at the premises owned by the Manager of the school and the school was directed to recover the amount of rent paid to Manager from FY 2013-14 to FY 2015-16 amounting INR. 29,56,852 and not to operate the school at the residence of Manager.

During hearing school has submitted that nursery and KG classes are still running from premises owned by the Manager and no amount has been recovered from them. As per audited



Financial Statements for FY 2017-18 and 2018-19 school has paid rent of INR. 11,65,890 and INR. 12,03,600 respectively.

In view of aforesaid directions, school is not allowed to pay any rent to manager and total amount paid from FY 2013-14 to FY 2018-19 amounting INR. 53,26,342 has been added in the fund available with the school and the school is directed to recover this amount from the manager or the society within 30 days from the date of issue of this order failing which necessary action shall be initiated against the school under section 24(4) of DSEA, 1973.

3. As per Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10.02.2005 issued by this Directorate "*Capital expenditure cannot constitute a component of the financial fee structure.*" Further, as per order No. F. DE-15(262)/PSB/2019/1600-1604 dated 05.04.2019 issued post evaluation of the proposal for enhancement of fee for FY 2017-18 read with order no. F. DE-15/Act-I/WPC-4109/Part/13/885 dated 04.09.2017 it was noted that the school had incurred certain expenses, which were not for the benefit of the students and the school was directed to recover the amount spent on purchase of vehicles, purchase of mobile phones and mobile connection charges considering the expenses incurred were not in accordance with Rule 177.

During personal hearing, the school mentioned that it did not recover any amount from the society, which was spent on purchase of vehicles amounting INR. 15,73,960, mobile phones/ipad amounting INR. 1,52,000 and mobile connection charges amounting INR. 1,56,855 in FY 2013-14 and FY 2015-16. Also, the school did not segregate the amount of expenses incurred on the mobile connections provided to drivers for FY 2016-17, which has been derived at the average amount spent during FY 2013-14 to FY 2015-16 as INR. 52,285 (INR. 1,56,855/3). In view of order no. F. DE-15(262)/PSB/2019/1600-1604 dated 05.04.2019 issued post evaluation of the proposal for enhancement of fee for FY 2017-18 read with order no. F. DE-15/Act-I/WPC-4109/Part/13/885 dated 04.09.2017 school is required to recover the aforesaid amount from society.

Thus, the total amount of INR. 19,35,100 (INR. 15,73,960 plus INR. 1,52,000 plus INR. 1,56,855 plus INR. 52,285) has been added to the fund position of the school considering the same as funds available with the school and with the direction to the school to recover the amount from the Society within 30 days from the date of issue of the order.

4. As per Directorate's order no. F.DE-15/ WPC-4109/ Part/13/7914-7923 dated 16.04.2016 regarding fee increase proposals for FY 2016-17 "*In case, the schools have already charged any increased fee prior to issue of this order, the same shall be liable to be adjusted by the schools in terms of the sanction of the Director of Education on the proposal.*"

As per order No. F. DE-15(262)/PSB/2019/1600-1604 dated 05.04.2019 issued post evaluation of the proposal for enhancement of fee for FY 2017-18 read with order no. F. DE-15/Act-I/WPC-4109/Part/13/885 dated 04.09.2017 school has increased tuition fees by 10% and annual charges ranging from 6% to 10% in FY 2016-17 without prior approval of the Directorate and school proposal for fee increase for FY 2016-17 was rejected by Directorate with the direction to the school that in case increased fee has already been charged from the parents, the same shall





be refunded/adjusted against future fee. It was also noted school has merged the examination fee and activity fees collected from students (from class Nursery to Class V) with annual charges in FY 2016-17. During personal hearing school has submitted that in FY 2016-17 it has collected increased tuition fee amounting INR. 24,41,683 and has already adjusted INR. 6,33,970 and remaining balance of INR. 18,07,713 is yet to be refunded/ adjusted. The school has not shared the detail of increased annual charges collected by it. However as per previous order, it was derived that the school collected an increased annual charges of INR 7,15,500 approximately during FY 2016-17 which is yet to be refunded by school.

Hence, the computed amount of INR. 18,07,713 of tuition fees and INR. 7,15,500 of annual charges has been adjusted while deriving the fund position of the school for FY 2018-19.

In FY 2017-18 and FY 2018-19, school has increased tuition fee by 10% and 5% (approx.) respectively without taking approval from Directorate. The detail of increase in tuition fee in FY 2017-18 and 2018-19 are as follows:

| S. No | Class          | 2016-17 (in INR.) | 2017-18 (in INR.) | % increase from 2016-17 | 2018-19 (in INR.) | % increase from 2017-18 |
|-------|----------------|-------------------|-------------------|-------------------------|-------------------|-------------------------|
| 1     | Pre-school     | 2,970             | 3,260             | 10%                     | 3,415             | 5%                      |
| 2     | Pre-primary    | 2,970             | 3,260             | 10%                     | 3,415             | 5%                      |
| 3     | I              | 2,500             | 2,750             | 10%                     | 2,875             | 5%                      |
| 4     | II             | 2,500             | 2,750             | 10%                     | 2,875             | 5%                      |
| 5     | III            | 2,500             | 2,750             | 10%                     | 2,875             | 5%                      |
| 6     | IV             | 2,225             | 2,450             | 10%                     | 2,875             | 17%                     |
| 7     | V              | 2,225             | 2,450             | 10%                     | 2,555             | 4%                      |
| 8     | VI             | 2,225             | 2,450             | 10%                     | 2,555             | 4%                      |
| 9     | VII            | 2,225             | 2,450             | 10%                     | 2,555             | 4%                      |
| 10    | VIII           | 2,225             | 2,450             | 10%                     | 2,555             | 4%                      |
| 11    | IX             | 2,550             | 2,800             | 10%                     | 2,930             | 5%                      |
| 12    | X              | 2,550             | 2,800             | 10%                     | 2,930             | 5%                      |
| 13    | XI             | 2,880             | 3,160             | 10%                     | 3,310             | 5%                      |
| 14    | XII            | 2,880             | 3,160             | 10%                     | 3,310             | 5%                      |
|       | <b>Average</b> |                   |                   | <b>10%</b>              |                   | <b>5%</b>               |

Moreover, in FY 2017-18 and FY 2018-19, school has increased annual charges by 7-34% and 9-11% (approx.) respectively without taking approval from Directorate. The detail of increase in annual charges in FY 2017-18 and 2018-19 are as follows:

| S. No | Class       | 2016-17 (in INR.) | 2017-18 (in INR.) | % increase from 2016-17 | 2018-19 (in INR.) | % increase from 2017-18 |
|-------|-------------|-------------------|-------------------|-------------------------|-------------------|-------------------------|
| 1     | Pre-school  | 7,500             | 8,000             | 7%                      | 8,800             | 10%                     |
| 2     | Pre-primary | 7,500             | 8,000             | 7%                      | 8,800             | 10%                     |
| 3     | I           | 5,000             | 5,500             | 10%                     | 6,000             | 9%                      |
| 4     | II          | 5,000             | 5,500             | 10%                     | 6,000             | 9%                      |
| 5     | III         | 5,000             | 5,500             | 10%                     | 6,000             | 9%                      |
| 6     | IV          | 5,000             | 5,500             | 10%                     | 6,000             | 9%                      |



| S. No | Class          | 2016-17 (in INR.) | 2017-18 (in INR.) | % increase from 2016-17 | 2018-19 (in INR.) | % increase from 2017-18 |
|-------|----------------|-------------------|-------------------|-------------------------|-------------------|-------------------------|
| 7     | V              | 5,000             | 5,500             | 10%                     | 6,000             | 9%                      |
| 8     | VI             | 5,000             | 5,500             | 10%                     | 6,000             | 9%                      |
| 9     | VII            | 4,100             | 5,500             | 34%                     | 6,000             | 9%                      |
| 10    | VIII           | 4,100             | 4,500             | 10%                     | 5,000             | 11%                     |
| 11    | IX             | 4,100             | 4,500             | 10%                     | 5,000             | 11%                     |
| 12    | X              | 4,100             | 4,500             | 10%                     | 5,000             | 11%                     |
| 13    | XI             | 4,100             | 4,500             | 10%                     | 5,000             | 11%                     |
| 14    | XII            | 4,100             | 4,500             | 10%                     | 5,000             | 11%                     |
|       | <b>Average</b> |                   |                   | <b>11%</b>              |                   | <b>10%</b>              |

From the aforesaid table it is clear that the school has increased the fee in FY 2017-18 and 2018-19 but has not provided the impact of increase in tuition fee and annual charges. School is required to submit the details of increased tuition fee and annual charges collected by the school on account of increase in fee and the same shall be verified at the time of evaluation of next fee proposal of the school.

Accordingly, while deriving the fund position of the school the impact of increased tuition fee and annual charges have not been adjusted and school is directed to immediately adjust/refund these amounts and submit the evidence of the same to the Directorate within 30 days from the date of issue of this order and not to increase any fee of any class without prior approval of the Directorate.

5. As per Directorate's order No. F. DE-15(262)/PSB/2019/1600-1604 dated 05.04.2019 issued post evaluation of the proposal for enhancement of fee for FY 2017-18, school had incurred certain expense on the payment of salaries to the relatives engaged/employed in the school and it was directed to recover the amount of INR. 17,80,068 paid as salary to Pradeep Kumar Kulshrestha (Brother of the Manager of the school) paid till 31.03.2018. The school has submitted that appointment was made in accordance with provisions of DSEA & R 1973 and Recruitment Rules but did not provide documents to substantiate that the appointment of Pradeep Kumar Kulshrestha (Brother of the manager of the school) was made in accordance with Recruitment Rules such as details of advertisement published, candidates applied, attended, interview committee details, etc. have not been provided. Thus, amount paid to Pradeep Kumar Kulshrestha is not as per provisions of DSEA & R, 1973 and recruitment rules.

Further, as per school submission, school has paid salary of INR. 5,23,680 to the relative of the manager in FY 2018-19. Thus, the total amount of INR. 23,03,748 (INR. 17,80,068 plus INR. 5,23,680) has been added to the fund position of the school considering the same as funds available with the school and with the direction to the school to recover this amount from the Society within 30 days from the date of this order.

6. Para 49 of 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, para 57 states “An enterprise should determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date”. Also, para 7 of the Accounting Standard defines Plan Assets (the form of investments to be made against liability towards retirement benefits) as:

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

On review of Financial Statements of the FY 2017-18 and 2018-19 and the documents or records submitted by school post personal hearing, it has been noted that School has got Actuarial Valuation of its liabilities towards retirement benefits (i.e. gratuity and leave encashment) for the FY 2017-18 and 2018-19 and has not created equivalent provisions in the books of accounts. Moreover, school has not invested equivalent amount in the plan assets in accordance with the provision of AS-15. Therefore, school is directed to build up the fund value of the group gratuity and leave encashment to bring it equivalent to the amount of liability determined by the actuary. The summary of total liability and amount of invested in plan assets as at 31.03.2019 are as under:

(Amount in INR.)

| Particular       | Value determined by the Actuary | Provision in Books of Accounts | Investment made in LIC |
|------------------|---------------------------------|--------------------------------|------------------------|
| Gratuity         | 1,66,65,115                     | 1,15,89,778                    | 89,86,016              |
| Leave Encashment | 51,50,573                       | 66,13,135                      | 31,91,096              |
| <b>Total</b>     | <b>2,18,15,688</b>              | <b>1,82,02,913</b>             | <b>1,21,77,112</b>     |

As the school has not invested the whole amount in the plan assets, the proposed provision for gratuity and leave encashment in FY 2019-20 amounting to INR 52,00,000 has been excluded from the total expenditure of the school. The school is hereby directed to invest an amount equivalent to its liability as determined by the actuary in ‘plan-assets’ as per AS-15 within 30 days from the date of issue of this order and submit the compliance report.

**B. Other Observations**

1. As per Clause 22 of Order No. F.DE/15(56)/Act/2009/778 dated 11.02.2009, *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. As per Rule 176 of the DSER, 1973 “Income derived from collections for specific purposes shall be spent only for such purpose.” And 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).” And 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.”

As per Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, earmarked levies collected from students are a form of restricted funds, which 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).

Based on school submission, it has been noted that the school charges earmarked levies in the form of Transport Fees, Computer fee, science fees and technology fees from students and do not maintain separate fund accounts for these earmarked levies. 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) that has been met from other fees/income. Similar observation was also mentioned in Directorate’s order no. F. DE.15 (262)/PSB/2019/1600-1604 dated 05.04.2019 issued for academic session 2017-18. Details of calculation of surplus/deficit, based on breakup of expenditure provided by the school for FY 2016-17, FY 2017-18 and FY 2018-19 are given below:

(Amount in INR.)

| Particulars                                    | Computer Fee    | Transport Charges <sup>^</sup> | Science Fee     | Technology Fee  |
|--|-----------------|--------------------------------|-----------------|-----------------|
| <b>For the year 2016-17</b>                    |                 |                                |                 |                 |
| Fee Collected during the year (A)              | 2,99,780        | 24,04,385                      | 2,59,725        | -               |
| Expenses during the year* (B)                  | 2,30,749        | 32,51,936                      | 71,101          | -               |
| <b>1) Difference for the year (A-B)</b>        | <b>69,031</b>   | <b>(8,47,551)</b>              | <b>1,88,624</b> | <b>-</b>        |
| <b>For the year 2017-18</b>                    |                 |                                |                 |                 |
| Fee Collected during the year (A)              | 3,36,025        | 22,39,510                      | 2,73,375        | -               |
| Expenses during the year* (B)                  | 1,95,492        | 29,00,659                      | 52,022          | -               |
| <b>2) Difference for the year (A-B)</b>        | <b>1,40,533</b> | <b>(6,61,149)</b>              | <b>2,21,353</b> | <b>-</b>        |
| <b>For the year 2018-19</b>                    |                 |                                |                 |                 |
| Fee Collected during the year <sup>#</sup> (A) | -               | 22,61,740                      | 5,80,380        | 13,20,698       |
| Expenses during the year <sup>#</sup> (B)      | -               | 24,80,734                      | 66,231          | 10,66,505       |
| <b>3) Difference for the year (A-B)</b>        | <b>-</b>        | <b>(2,18,994)</b>              | <b>5,14,149</b> | <b>2,54,193</b> |
| <b>Total Surplus/(Deficit)= 1+2+3</b>          | <b>2,09,564</b> | <b>(17,27,694)</b>             | <b>9,24,126</b> | <b>2,54,193</b> |

\* The school only provided total amount of expenses incurred and did not provide any breakup of different components included in the expenses.

<sup>#</sup> Computer Fee was merged with Science fee and collected as ‘Computer and Science Fee’ from FY 2018-19.



^It is not clarified by school that whether the expenses of salaries for staff engaged for transport facility is included in transport expenses or in included in salary expenditure.

The school explained that annual charges collected from students is not sufficient to meet other revenue expenses of the school and surplus generated from earmarked levies has been applied to meet other revenue expenditure.

Further, as per the Duggal Committee report, there are only four categories of fee that can be charged by a school. The first category of fee comprises of "registration fee and all One Time Charges" which is levied at the time of admission such as Admission and Caution Money. The second category of fee comprise of "Tuition Fee" which is to be fixed to cover the standard cost of the establishment and also to cover expenditure of revenue nature for the improvement of curricular facilities like Library, Laboratories, etc., and Science and Computer fee up to class X and examination fee. The third category of the fee should consist of "Annual Charges" to cover all expenditure not included in the second category and the fourth category should consist of all "Earmarked Levies" for the services rendered by the school and to be recovered only from the 'User' students. These charges are Transport Fee, Swimming Pool Charges, Horse Riding, Tennis, Middy Meals etc.

It has also been noted in FY 2018-19, the school has introduced a new head of earmarked fee namely 'Technology fee' to be charged from each student of the school @ INR.75 per month.. Based on the aforesaid provisions, earmarked are to be collected only from the user students availing the services. And if the services are extended to all the students of the school, a separate charge should not be levied by the school as it would get covered either form the Tuition Fee or from the Annual Charges. Therefore, the school is directed to stop collecting separate charges in the name of the "Technology Fee" within 30 days from the date of issue of this order.

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 3 of the public notice dated 04.05.1997 published in the Times of India "*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 Feb 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.*"

As per order No. F. DE-15(262)/PSB/2019/1600-1604 dated 05.04.2019 issued post evaluation of the proposal for enhancement of fee for FY 2017-18 read with order no. F. DE-15/Act-I/WPC-4109/Part/13/885 dated 04.09.2017 it was noted that interest on caution money had not



paid along with refund of caution money to outgoing students and therefore, school was instructed to include interest earned on caution money in the refund amount. During personal hearing, school accepted not to pay any interest on caution money at the time of refund of caution money and agreed to pay interest on caution money from next academic session.

The school is directed to ensure that interest is credited to caution money account and the same is paid to the students at the time of leaving the school regularly for each student. Accordingly, the liability towards caution money as reported in the audited financial statements for FY 2018-19 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 2019-20 amounting to INR. **8,67,62,890** out of which cash outflow in the year 2019-20 is estimated to be INR. **9,23,25,080**. This results in net deficit of INR. **55,62,190**. The details are as follows:

| Particulars  | Amount in INR.      |
|--|---------------------|
| Cash and Bank balances as on 31.03.19 as per Audited Financial Statement   | 12,06,282           |
| Investments as on 31.03.19 as per Audited Financial Statements   | 1,80,54,607         |
| Less: Bank Overdraft as on 31.03.19 as per Audited Financial Statement   | -16,81,681          |
| <b>Liquid fund as on 31.03.2019</b>  | <b>1,75,79,208</b>  |
| Add: Amount recoverable from Society against capital expenditure on Building (Refer Financial Observation No. 1)   | 12,47,250           |
| Add: Amount recoverable from Society against rent paid to Manager (Refer Financial Observation No. 2)  | 53,26,342           |
| Add: Amount recoverable from Society against expenditure of vehicles, mobile phones and mobile connection (Refer Financial Observation No. 3)                      | 19,35,100           |
| Add: Recovery towards amount spent on salary of relatives (Refer Financial Observation No. 5)  | 23,03,748           |
| Add: Fees for FY 2018-19 as per Audited Financial Statements (On the assumption that the amount received in FY 2018-19 will at least accrue in FY 2019-20)         | 6,39,05,549         |
| Add: Other income for FY 2018-19 as per Audited Financial Statements (On the assumption that the amount received in FY 2018-19 will at least accrue in FY 2019-20) | 13,30,274           |
| Add: Increase in tuition fee (as per order No. F. DE-15(262)/PSB/2019/1600-1604 dated 05.04.2019)  | 78,01,168           |
| <b>Available funds for FY 2019-20</b>  | <b>10,27,49,337</b> |
| Less: FDR in the joint name of Dy. Director and Manager of the school (as per school submission)   | 2,82,822            |
| Less: FDR in the joint name of Secretary, CSBE and Manager of the school (as per school submission)  | 2,55,965            |
| Less: Investment made against Gratuity and leave encashment liability  | 1,21,77,114         |



| Particulars  | Amount in INR.     |
|--|--------------------|
| Less: Caution money as on 31.03.2019 (as per Audited financial statements for FY 2018-19)  | 7,47,333           |
| Less: Amount refundable/adjustable for tuition fee received in excess from students for FY 2016-17 (Refer Financial Observation No. 4)   | 18,07,713          |
| Less: Amount refundable/adjustable for annual charge received in excess from students for FY 2016-17 (Refer Financial Observation No. 4)                                       | 7,15,500           |
| <b>Net Available funds for FY 2019-20</b>  | <b>8,67,62,890</b> |
| <b>Less: Budgeted expenses for the session 2019-20 (Revenue Expenditure + Capital Expenditure - Depreciation) (Refer Financial Observation No. 6 &amp; Refer Note 1 Below)</b> | <b>6,59,49,411</b> |
| <b>Less: Salary Arrears of 7<sup>th</sup> CPC (As per Note – 2 Below)</b>  | <b>2,63,75,670</b> |
| <b>Net Cash Surplus/ (Deficit)</b>   | <b>(55,62,190)</b> |

**Note 1:** 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.

(Amount in INR.)

| Particulars       | As per Audited Income & expenditure account for FY 2018-19 | As per Budgeted Income & expenditure account for FY 2019-20 | Net Increase/ Decrease | % Change | Amount disallowed |
|-------------------|--|---|------------------------|----------|-------------------|
| Employee Welfare* | 9,29,783   | 20,50,000   | 11,20,217              | 120%     | 10,27,239         |
| Function Expenses | 2,71,092   | 4,00,000  | 1,28,908               | 48%      | 1,01,799          |
| Legal charges     | 62,000   | 5,00,000  | 4,38,000               | 706%     | 4,31,800          |
| <b>Total</b>      | <b>12,62,875</b>   | <b>29,50,000</b>  | <b>16,87,125</b>       |          | <b>15,60,838</b>  |

\* As per audited financial statements for FY 2018-19, total expenditure of employee welfare including retirement benefits includes provision for gratuity & leave encashment amounting to INR. 45,66,044 and employee welfare expenses amounting to INR. 9,29,783. The school has proposed employee welfare expenses in FY 2019-20 amounting to INR. 20,50,000 which includes PF ESIC Payable, Bonus, Exgratia & staff welfare.

**Note 2:** The establishment expenses including 7<sup>th</sup> CPC salary arrears for the FY 2019-20 are in excess of 15% as compared to establishment expenses including 7<sup>th</sup> CPC salary arrears for the FY 2018-19. Hence the establishment expenses in excess of 15% over the previous year has not been considered in the evaluation of fee increase proposal.





| Particulars   | FY 2018-19         | FY 2019-20         | Net Increase       | % Change  | Amount Disallowed |
|---|--------------------|--------------------|--------------------|-----------|-------------------|
| Establishment Expenses  | 4,61,58,861        | 4,90,22,761        | 28,63,900          | 6         | (40,59,929 )      |
| 7th CPC Salary Arrears (As Per School's Submission) upto specified period | 1,94,04,992        | 3,27,56,279        | 1,33,51,287        | 69        | 1,04,40,538       |
| <b>Total Establishment Expenses</b>                                       | <b>6,55,63,853</b> | <b>8,17,79,040</b> | <b>1,62,15,187</b> | <b>25</b> | <b>63,80,609</b>  |

- ii. In view of the above examination, it is evident that the school does not have surplus fund to meet its budgeted expenditure for the academic session 2019-20 at the existing fee structure. In this regard, the directions issued by the Directorate of Education vide circular no. 1978 dated 16.04.2010 states:

*“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 2019-20. 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 (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 2019-20.

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 (JADSC) 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 8% 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 status within 30 days from the date of this order to the D.D.E (PSB).

Accordingly, it is hereby conveyed that the proposal for fee increase for the academic session 2019-20 of **Indira Ideal School, School ID 1618240, C-3, Janakpuri, New Delhi - 110058** is hereby accepted by the Director (Education) and the school is allowed to increase its fee by 8% to be effective from 01 July 2022.

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

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 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**

**Indira Ideal School, School ID 1618240,**

**C-3, Janakpuri, New Delhi -110058**

No. F.DE.15 (605)/PSB/2022/ 3676-3680

Dated: 26/05/22



**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**