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

No. F.DE.15(822)/PSB/2022 / 5274-5278 Dated: 30/06/22

ORDER

WHEREAS, **Sadhu Vaswani International School For Girls, Shanti Niketan, New Delhi-110021 (School Id: 1719121)**, (hereinafter referred to as **"the School**"), run by the **Sadhu Vaswani Mission** (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, **Sadhu Vaswani International School For Girls, Shanti Niketan, New Delhi-110021 (School Id: 1719121)**, had submitted the proposal for fee increase for the academic session **2019-20**. Accordingly, this order is dispensed off the proposal for enhancement of fee submitted by the said 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 15.11.2019 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(558) PSB/2018/30300-30304 dated 10.12.2018 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. During the aforesaid hearing compliances against order no. F.DE.15(558) PSB/2018/30300-30304 dated 10.12.2018 issued for academic session 2017-18 were also discussed and school submissions were taken on record.

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.*"

   Further, Rule 177 of DSER,1973 states "*income derived by an unaided private 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*".

   The abovementioned 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.

   Based on the above-mentioned provisions, the cost relating to land and construction of the school building should be met by the society, being the property of the society not from the school funds.

   As per order no. F.DE.15(558) PSB/2018/30300-30304 dated 10.12.2018 issued for academic session 2017-18, it was noted that the school had made additions to building amounting INR.

15,79,709 out of school funds in contravention of above-mentioned provisions and school was directed to recover the aforesaid amount from the society.

The aforesaid recovery is still pending, and the school has further submitted that the above addition to the school building was done in accordance with provisions of DSEAR, 1973. This contusion of the school is not correct because as per Rule 177 the income of the school should be utilised for meeting the employees related cost. While based on the review of the audited financial statements of the school it has been noted that the school is yet to make investment in plan assets for the retirement benefits. Thus, the aforesaid expenditure incurred by the school on addition to the building is not in accordance with aforesaid provisions. Therefore, it has been included while deriving the fund position of the school considering the same fund is available with the school. And the school is further may be instructed to recover this amount from the society within 30 days from the date of issue of the order. Non-compliance with the above direction may be viewed seriously while evaluating the fund position of the school for ensuing academic session.

2. As per Rule 172 – 'Trust or society not to collect fee, etc. schools to grant receipts for fees, etc., collected by it' of Delhi School Education Rules 1973 " (1) *No fee, contribution or other charge shall be collected from any student by the trust or society running any recognised school; whether aided or not. (2) Every fee, contribution or other charge collected from any student by a recognised school, whether aided or not, shall be collected in its own name and a proper receipt shall be granted by the school for every collection made by it.*"

As per Directorate's order no. F.DE.15(558) PSB/2018/30300-30304 dated 10.12.2018 issued for academic session 2017-18, it was noted that the society had collected certain component of fees from students amounting INR. 52,48,924 during the FY 2013-14 to FY 2016-17 and debited the same in the society's ledger. The school was further directed to recover the aforesaid amount from society within 30 days from the date of the issue of order. While aforesaid recovery from society is still pending for recovery. The status of this recovery was discussed with the school during the personal hearing, based on the verbal discussion with the concerned official of the school, the school was not looking keen to recover the aforesaid amount from the society. Accordingly, the total amount INR. 52,48,924 which is pending for recovery has been included in the calculation of fund availability of the school with the direction to recover this amount from the society within 30 days from the issue of the order. Failing to comply with the above strict action may be initiated against the school under section 24 of the DSEA,1973.

3. As per clause 14 of DoE's 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. 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 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 specify the accounting treatment for specific funds. The GN-21 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.*"

From review of the audited financial statements for FY 2016-17, FY 2017-18 and 2018-19, it has been noted that the school purchased fixed assets out of development fund amounting to INR.43,19,490, INR.9,16,691 and INR. 26,66,492 respectively. However, the school has not been following accounting treatment prescribed in the aforesaid GN-21 issued by ICAI. And thus, has not created a restricted fund, in the nature of deferred income equivalent to the cost of the amount utilised as deferred revenue income the school transferred the equivalent amount to general fund. Thus, the accounting treatment followed by the school is not in accordance with the guidance noted- 21 issued by ICAI. Therefore, the school may be instructed to prepare and present its financial statements in accordance with the Guidance Noted- 21 issued by ICAI and pass the necessary rectification entry in its financial statements.

Moreover, it has also been noted that the school has utilised the development fund / fee for meeting the expenditure relating to repair and renovation of building for INR.21,65,091 in FY 2016-17 and INR. 1,16,155 in FY 2017-18 and for payment of property tax INR. 8,93,643 in FY 2016-17 and INR. 8,93,608 in FY 2017-18 which is also not in accordance with the aforesaid provisions of clause 14 of the order dated 11.02.2009. As per clause 14 of the order dated 11.02.2009 the development fund / fee can only be utilised for purchase, upgradation and replacement of furniture, fixtures and equipment and not for repair and renovation of building and for other revenue expenditure.

In view of the above, the school may be directed to make necessary rectification entries in its books of accounts relating to development fund and also, requires to comply with clause 14 of the order dated 11.02.2009 and Para 99 of the GN-21 issued by the Institute of Chartered Accountants of India.

4. As per the Directorate's Order No. DE 15/Act/Duggal.com/203/ 99/23033/23980 dated 15.12.1999, the management is restrained from transferring any amount from the recognized unaided school fund to society or trust or any other institution. The Supreme Court also through its judgement on a review petition in 2009 restricted transfer of funds to the society.

Further, as per Directorate's order no. F.DE.15(558) PSB/2018/30300-30304 dated 10.12.2018 issued post evaluation of fee increase proposal for the financial year 2017-18 it was noted that as per financial statements of the school for FY 2016-17 an amount was payable to the society amounting INR. 3,24,81,447. School had submitted that these funds were taken in the initial years of setting up of school from society and not required to repay this amount to the society.

However, from review of audited Financial Statements for FY 2018-19, it has been noted that amount payable to society has been reduced to INR. 3,23,27,022 as at 31.03.2019. During personal hearing, school once again submitted that the above said fund was taken from society to meet the deficit for running the school and the same is refundable on improvement of fund position of the school.

In view of the above the school has submitted two different statements before the department which itself create scope of doubt on integrity and intention of the school. Further, the school did not provide any evidence regarding when the said funds was taken and its ultimate utilisation. Thus, in absence of complete details no financial impact has been given while deriving the fund position of the school. Further, the school is directed to submit complete details of last five years financial statements along with society's ledger and bank account to the department for detail inspection. The outcome of such inspection may be utilised by the department in deriving the fund position of the school while evaluating the fee increase proposal of the school for the subsequent year.

5. As per 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:
   a. Assets held by a long-term employee benefit fund; and
   b. Qualifying insurance policies

Para 57 of Accounting Standard 15 - 'Employee Benefits' issued by the Institute of Chartered Accountants of India, "*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.*"

Based on the documents submitted by the school and taken on record, it has been observed that the actuarial valuation reports towards gratuity and leave encashment has indicated actuarial liability of INR.3,83,47,454 and INR.1,26,85,287 respectively as on 31.03.2019 against which equivalent provision has also been created in the financial statements of the school. As per Directorate's order no. F.DE.15(558) PSB/2018/30300-30304 dated 10.12.2018, the school was directed to make earmarked investments against provision for gratuity and leave encashment with LIC (or any other agency) within 30 days of the receipt of the said order.

However, from the documents submitted by the school, it has been noted that the school has earmarked equivalent amount of fixed deposits with bank towards retirement benefits as on 31.03.2019, which does not qualify as 'Plan Asset as per Accounting Standard 15.

Therefore, school is directed to make equivalent investments against retirement liabilities in the 'Plan Assets' in accordance with AS-15. However, the amount of liability reported in the financial statements as on 31.03.2019 has been considered for calculation of fund available with the direction to the school to invest equivalent amount in plan assets in accordance with AS-15. And may submit the compliance report within 30 days from the date of issue of order. Since, all the provisions has already been considered while deriving the fund position therefore provision amounting to INR.

52,12,739 made by the school during FY 2018-19 against gratuity and leave encashment has not been considered as part of the expenditure to avoid duplicity.

Also, the total amount budgeted in FY 2019-20 against gratuity and leave encashment amounting INR. 90,00,000 and INR. 12,00,000 has not been considered as school has not made equivalent investments with LIC (or similar agency) in order to protect the interests of staff employed in the school.

6. As per Section 13 of Right to Education Act, 2009, the school should not charge capitation fee from the students at the time of admission. Further, the Supreme Court in its Judgement dated 02.05.2016 in the matter of Modern Dental College and Research Centre Vs. State of Madhya Pradesh [Medical Council of India] held that education is a noble profession. "Every demand of capitation fee by educational institutions is unethical & illegal. It emphasised that the commercialization and exploitation is not permissible in the education sector and institutions must run on 'no-profit-no-loss' basis".

   Hon'ble Supreme Court categorically held that "Though education is now treated as an 'occupation' and, thus, has become a fundamental right guaranteed under Article 19(1) (g) of the Constitution, at the same time shackles are put in so far as this particular occupation is concerned, which is termed as noble. Therefore, profiteering and commercialization are not permitted, and no capitation fee can be charged. The admission of students has to be on merit and not at the whims and fancies of the educational institutions.

   However, it has been observed that INR. 20,000 is being collected in the name of 'Ancillary Charges' at the time of admission as one-time charge from all new admissions. Therefore, the school is directed to immediately stop such capitation fee.

A. Other Observations

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

   Further, 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 is 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 review of audited Financial Statements and documents submitted by the school, it has been noted that the school charges earmarked levies in the form of Transport Fees, Activity fees, Computer and ICT Fees, Science fees and Other fees from students.

The school was directed by this directorate through its order no. F.DE.15(558) PSB/2018/30300-30304 dated 10.12.2018 issued for academic session 2017-18 to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. However, the school has not maintained separate fund accounts for the above mentioned earmarked levies. The details of funds position are as follows:

(Figures in INR.)

Particulars	Transport Fees	Activity Fees	Computer Fees & ICT Fees	Science Fees	Other Fees *
For the year 2015-16					
Fee Collected during the year (A)	1,86,85,030	63,15,800	29,21,250	5,51,849	42,03,359
Expenses during the year (B)	1,85,11,698	15,43,041	50,66,047	2,66,572	-
Difference for the year (A-B)	**1,73,332**	**47,72,759**	**-21,44,797**	**2,85,277**	**42,03,359**
For the year 2016-17					
Fee Collected during the year (A)	1,85,35,160	64,27,550	28,93,300	5,86,550	49,12,894
Expenses during the year (B)	1,92,92,073	15,73,235	61,32,079	2,25,467	-
Difference for the year (A-B)	**-7,56,913**	**48,54,315**	**-32,38,779**	**3,61,083**	**49,12,894**
For the year 2017-18					
Fee Collected during the year (A)	1,82,45,180	67,43,450	77,54,800	6,10,600	67,12,581
Expenses during the year (B)	2,07,87,947	17,67,992	40,81,971	2,63,852	-
Difference for the year (A-B)	**-25,42,767**	**49,75,458**	**36,72,829**	**3,46,748**	**67,12,581**
Total	**-31,26,348**	**1,46,02,532**	**-17,10,747**	**9,93,108**	**1,58,28,834**
For the year 2018-19					
Fee Collected during the year (A)	1,84,16,420	66,50,000	76,21,500	6,24,700	59,42,127

Particulars	Transport Fees	Activity Fees	Computer Fees & ICT Fees	Science Fees	Other Fees *
Expenses during the year (B)	2,06,88,799	17,20,766	44,35,562	2,88,305	-
Difference for the year (A-B)	**-22,72,379**	**49,29,234**	**31,85,938**	**3,36,395**	**59,42,127**
Total	**-53,98,727**	**1,95,31,766**	**14,75,191**	**13,29,503**	**2,17,70,961**

*The school did not provide the detailed break up of other fees collected and amount of expenditure out of it.

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, Midday Meals etc.

Based on the aforesaid provisions, earmarked levies 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 Annual Charges. Therefore, the school is directed to stop collecting separate charges in the name of the Activity fees, Computer and ICT fees and Other fees immediately failing which necessary action shall be initiated against the school under section 24(4) of DSEA, 1973.

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 directorate order no. F.DE.15(558) PSB/2018/30300-30304 dated 10.12.2018 issued to the school post evaluation of proposal for enhancement of fee for FY 2017-18 it was noted that the school had not prepared Fixed Asset register (FAR) in proper format and captured the asset name, date of purchase and the amount in the FAR. The school had not included complete details in the FAR such as serial number, location, invoice number, supplier, identification number, depreciation, etc. to facilitate identification of asset and documenting complete details of assets at one place.

During personal hearing, the school has confirmed that it is in process to update the FAR with abovementioned details. The school is again directed to update the FAR with relevant details mentioned above and the same shall be verified at the time of examination of fee proposal for next financial year.

3. As per the condition of Land allotment letter, the School shall not increase any fee without prior sanction of the Directorate of Education and shall follow the provisions of Delhi Education Act/ Rules, 1973 and other instruction issued from time to time. Accordingly, the Directorate of Education sought online proposals from the Schools which was allotted land by Land owning agencies having condition of obtaining prior approval from the Directorate of Education vide Order No. F. DE-15/ACT-I/WPC-5256/16/9352/-9359 dated 16.04.2016.

However, on review of the fee receipts provided by the school it has been observed that the school has increased the tuition fee in FY 2018-19 without obtaining prior approval from the Directorate of Education. School has not submitted the details of excess fee collected and therefore, no adjustment has been made in the calculation of the fund availability. Therefore, the school is directed to roll back the increased fee or adjust the excess amount collected by the school against the future fee receivable from the students.

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

On review of documents submitted post personal hearing, it has been noted that school has not refunded interest along with refund of caution money to the students at the time of their exit from the school.

Accordingly, the amount to be refunded to students as per audited financial statements as on 31.03.2019 of INR 8,97,112 has been considered while deriving the fund position of the school and the school may be directed to ensure compliance with the aforementioned directions by refunding interest along with caution money to exiting students and to treat unrefunded caution money belonging to ex-students as income in the next financial year as per provisions of orders mentioned above.

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 FY 2019-20 amounting to INR. **16,72,43,491** out of which cash outflow in the FY 2019-20 is estimated to be INR. **15,77,59,318.** This results in net balance of Surplus amounting to INR. **94,84,173** for FY 2019-20 after all payments. 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	83,55,815
Investments as on 31.03.19 as per Audited Financial Statements of FY 2018-19	8,43,54,216
Liquid Fund as on 31.03.2019	**9,27,10,031**

Particulars	Amount in INR.
Add: Amount recoverable from society against capital expenditure incurred on construction of building in contravention of Clause 2 of Public notice dated May 4th, 1997 **(Refer Financial Observation No. 1)** and Rule 177 of DSER, 1973	15,79,709
Add: Amount recoverable from the society against fee collected from students **(Refer Financial Observation No. 2)**	52,48,924
Add: Fees for FY 2018-19 as per Audited Financial Statements (we have assumed that the amount received in FY 2018-19 will at least accrue in FY 2019-20) **(Refer Note No. 1 below)**	11,99,26,432
Add: Other income for FY 2018-19 as per Audited Financial Statements (we have assumed that the amount received in FY 2018-19 will at least accrue in FY 2019-20) **(Refer Note No. 1 below)**	69,88,834
Total Available Funds for FY 2019-20	**22,64,53,930**
Less: FDR with joint name of School Manager and DOE as on 31.03.2019	5,09,855
Less: Development Balance **(Refer Note 2 below)**	67,70,731
Less: Caution Money Fund as on 31.03.2019 **(Refer Other Observation No. 4)**	8,97,112
Less: Staff Retirement benefit- Gratuity **(Refer Financial Observation No. 5)**	3,83,47,454
Less: Staff Retirement Benefit- Leave Encashment **(Refer Financial Observation No. 5)**	1,26,85,287
Net Available Funds for FY 2019-20	**16,72,43,491**
Less: Budgeted expenses as per the Budgeted Financial Statement for the Financial Year 2019-20 (after making adjustment) **(Refer Note 3 below)**	**13,99,78,092**
Less: Salary Arrears as per 7th CPC (as per school submission)	**1,77,81,226**
Estimated Surplus	**94,84,173**

Note 1: Fee and income as per audited financial statements for FY 2018-19 has been considered except Profit on sale of Fixed assets INR.1,09,542, Amount written off INR.11,27,393 and Transfer from Building Fund INR 12,80,151 with the assumption that the amount of income during FY 2018-19 will at least accrue during FY 2019-20.

Note 2: Over several years, the school has accumulated development fund and has reflected the closing balance of INR 1,32,35,210 in its audited financial statements for FY 2018-19. Accordingly, the accumulated reserve of development fund created by the school by collecting development fee more than its requirement for purchase, upgradation and replacement of furniture, fixtures and equipment has been considered as free reserves available with the school for meeting financial implication of 7th CPC to be implemented by the school. However, development fund equivalent to amount collected in FY 2018-19 from students has been considered for deriving the fund position of the school considering sufficient according to spending pattern of the school in past.

Note 3: As per the budget submitted by school for the FY 2019-20, the following expenditure are not considered in the evaluation of fee increase proposal:

Particulars	Amount in INR.	Remarks
Provision for Gratuity and Leave Encashment	1,02,00,000	Refer Financial Observation No. 5
Depreciation	18,00,000	Depreciation being non-cash expense, it has not been considered.

Further 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.

(Figures in INR.)

Particulars	FY 2018-19	FY 2019-20	Net Increase/ (Decrease)	% Change	Amount disallowed in excess of 10%
Printing & Stationery	6,13,235	7,00,000	86,765	14%	25,442
Legal & professional exp	8,54,378	10,00,000	1,45,622	17%	60,184
Computer Support	44,35,562	55,41,047	11,05,485	25%	6,61,929
Activity Expenses	17,20,766	71,31,987	54,11,221	314%	52,39,144
Total	**76,23,941**	**1,43,73,034**	**67,49,093**		**59,86,699**

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 on 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 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, it is also noticed that the School has incurred Rs. 15,79,709 for additions to building out of the school fund which is not in accordance with clause 2 of public notice dated 04.05.1997, Rule 177 of DSER, 1973 and court judgements. Further, the society has collected Rs. 52,48,924 as fee from the students and not transferred the same to the school in contravention of Rue 172 of DSER, 1973. Thus, the school is directed to recover Rs. 68,28,633 from the society. The amount of above receipt along with copy of bank statement showing the receipt of above-mentioned amount should be submitted with DoE, in compliance of the same, within 30 days from the date of issuance of this order. Non-compliance of this shall be taken up as per DSEA & R, 1973.

AND WHEREAS, recommendation of the team of Chartered Accountants along with relevant materials were put before the Director of Education for consideration and who after considering all the material on the record, and after considering the provisions of section 17 (3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that 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 **Sadhu Vaswani International School For Girls, Shanti Niketan, New Delhi-110021 (School Id: 1719121)**, 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
Sadhu Vaswani International School For Girls,
Shanti Niketan, New Delhi-110021 (School Id: 1719121)

No. F.DE.15(822)/PSB/2022/5274-5278 Dated: 30/06/22

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 A) to ensure the compliance of the above order by the school management.
4. In-charge (I.T Cell) with the request to upload on the website of this Directorate.
5. Guard file.

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