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

No. F.DE.15(818)/PSB/2022/ 5294 - 5298 Dated: 30/06/22

ORDER

WHEREAS, **Chinmaya Vidyalaya, Munirka Marg, Vasant Vihar, New Delhi-110057 (School Id: 1720127)**, (hereinafter referred to as **"the School"**), run by the **Delhi Chinmaya Sewa Trust** (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, **Chinmaya Vidyalaya, Munirka Marg, Vasant Vihar, New Delhi-110057 (School Id: 1720127)**, 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 2018-19, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 05.11.2019 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/(175)/PSB/2019/1110 – 1114 dated 14.03.2019 issued for academic session 2017-18 were also discussed and school submissions were taken on record.

AND WHEREAS, the reply of the school, documents uploaded on the web portal for fee increase together with subsequent documents/ clarifications submitted by the school were thoroughly evaluated by the team of Chartered Accountants. And after evaluation of fee proposal of the school the key observations and status of compliance against order no. F.DE-15/(175)/PSB/2019/1110 – 1114 dated 14.03.2019 issued for academic session 2017-18 are as under:

A. Financial Observations

1. As per the order dated 19.01.2016 issued by the Hon'ble High Court of Delhi, every recognized unaided schools to whom land was allotted by DDA shall not increase the rate of fees without the prior sanction of Director, Education. Further, as per the directions of Supreme Court in ***Modern School vs. Union of India & Others.*** (supra), a Circular dated 16.04.2010 has been issued reiterating as under:

    a) It is reiterated that annual fee-hike is not mandatory.
    b) School shall not introduce any new head of account or collect any fee thereof other than those permitted. Fee/funds collected from the parents/students shall be utilized strictly in accordance with rules 176 and 177 of the Delhi School Education Rules, 1973.
    c) If any school has collected fee in excess of that determined as per procedure prescribed, the school shall refund/adjust the same against subsequent instalments of fee payable by students.

    Also, Clause no. 2(xiii) of Letter of Allotment of Land issued by Land and Development Office, to the Trust running the school states that *"The trust shall not increase the rates of tuition fee without prior sanction of the Directorate of Education, Delhi Admn. and shall follow provisions of Delhi School Education Act/ Rules, 1973 and other instructions from time to time."*

    On review of audited financial statements for FY 2018-19 it has been noted that the school has increased the tuition fee without approval of Directorate of Education which is in contravention of aforesaid provision. As per notes to accounts, school has stated that it has provided for impact of 7^{th} CPC arrears in its financial statements and to meet the same it has decided to charge arrear fee from students. As per audited Financial Statements for FY 2018-19, there are arrears of tuition fee amounting INR. 1,79,14,000, annual charges amounting INR. 9,67,000 and development fee amounting INR. 9,87,000 and school has recorded the same as fee recoverable from students. The school cannot increase any fee without prior approval of Directorate of Education in view of aforesaid orders and recognition of arrear fee income recoverable from students cannot be allowed to school. Moreover, as per order no. F.DE.15(175)/PSB/2019-1110-1114 dated 14.03.2019 issued for academic session 2017-18 school was having sufficient funds for implementation of recommendations of 7^{th} CPC and not require any increase in fee in FY 2017-18. But school has claimed to shortage of funds for implementation of recommendations of 7^{th} CPC in FY 2018-19 and has not paid any arrears to its staff. The school submission that it does not have enough funds is incorrect. Therefore, while deriving the fund position of the school amount recorded as tuition fee arrears and annual charges arrears has been adjusted from the fee for the year. School is also directed not to follow any such practice and book increased fee a/s its income without approval of Directorate of Education. Moreover, if any amount of arrear fee has been collected from the students the same shall be refunded or adjusted from future fee receivable from the students.

Similar observation was also noted in order no. F.DE.15(175)/PSB/2019-1110-1114 dated 14.03.2019 issued for academic session 2017-18 that the school had increased the fee in FY 2016-17 and collected increased fee of INR. 80,00,000 (approx.) from students for FY 2016-17 without taking prior approval of Directorate of Education. Moreover, it was also noted that school started collecting 'portal charges' as earmarked levy from FY 2016-17 from all students and school was directed to not charge such fee and refund/adjust the 'Portal Charges' from future fee. From the details provided by the school, it has been noted that school has collected 'portal charges' of INR. 17,04,600 in FY 2016-17, INR. 18,10,800 in 2017-18 and INR. 16,79,800 in FY 2018-19. Thus, collection of 'portal charges' from students without approval has resulted in indirect increase in the fee collected and is a non-compliance of the direction given by the Directorate of Education.

The school is directed to refund/adjust 'Portal Charges' collected from students within 30 days of issue of this order and submit evidence of the same to the Directorate. Accordingly, increased fee collected in FY 2016-17 amounting INR. 80,00,000 and 'Portal Charge' collected from FY 2016-17 to 2018-19 amounting INR. 51,95,200 are to be refund/adjust the increased fee and 'portal charges' within 30 days from the date of issue of this order and submit evidence of refund/adjustment of fee to Directorate and not to charge any fee without prior approval from Directorate.

2. Para 49 of Accounting Standard 15 'Employee Benefits' issued by The Institute of Chartered Accountants of India states "Accounting for defined benefit plan 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:

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

   On review of audited Financial Statements for FY 2018-19 and as per the school submission during personal hearing, it has been noted that school has created provision for gratuity and leave encashment for INR. 4,34,18,761 (INR. 2,21,30,487 at year end 2017-18) and has invested with LIC amounting INR. 3,66,25,433 (INR. 1,60,23,648 at year end 2017-18) towards gratuity and leave encashment. However, the school has not submitted copy actuary valuation report and deposit receipts showing payment to LIC for verification which is beyond the stretch of imagination. Accordingly, the claim of the school could not be substantiated. In the absence of necessary information such as actuarial valuation report and deposit receipts, the proof of deposited receipts of INR. 80,00,000 submitted by the school during the fee evaluation of previous year 2017-18 has been considered.

B. 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.*" Clause 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.*"

Further, as per Sub-rule 3 of Rule 177 of DSER, 1973 "*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.*"

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 of the school 2018-19, it has been noted that the school charges earmarked levies in the name of Smart class fee, Portal fee, Transportation fee, Medical fee and Activities fee. Smart class fee, Portal fee, Medical fee and Activities fee are collected from each fee paying student. It has also been noted that school has not maintained separate fund accounts for Smart class fee, Portal fee, Medical fee and Activities fee collected by it. Also, the school has been generating surplus from earmarked levies, which has been utilised for meeting other expenses of the school or has been incurring losses (deficit), which has been met from other fees/income. Details of calculation of surplus/deficit, based on breakup of expenditure provided by the school for FY 2016-17, FY 2017-18 and FY 2018-19 are given below:

(Figures in INR.)

Particulars	Smart Class	Transport Charges^	Portal Fee	Activities Fee
For the year 2016-17				
Fee Collected during the year (A)	10,14,640	1,33,17,895	17,04,600	39,91,572
Expenses during the year (B)	10,76,793	98,65,246	20,20,156	0*
1) Difference for the year (A-B)	**-62,153**	**34,52,649**	**-3,15,556**	**39,91,572**
For the year 2017-18				
Fee Collected during the year (A)	10,22,400	1,19,04,009	18,10,800	42,37,272
Expenses during the year (B)	12,42,547	1,28,77,539	8,15,524	36,64,914
2) Difference for the year (A-B)	**-2,20,147**	**-9,73,530**	**9,95,276**	**5,72,358**

Particulars	Smart Class	Transport Charges^	Portal Fee	Activities Fee
For the year 2018-19				
Fee Collected during the year (A)	10,00,000	1,40,64,000	16,79,800	50,06,442
Expenses during the year (B)	11,37,240	1,25,75,008	7,64,868	39,17,718
3) Difference for the year (A-B)	**-1,37,240**	**14,88,992**	**9,14,932**	**10,88,724**
Total Surplus/(Deficit) (1+2+3)	**-4,19,540**	**39,68,111**	**15,94,652**	**45,77,178**

^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.

* Details of expenses incurred against these earmarked levies collected from students was not provided by the school.

During personal hearing the school has submitted that tuition fee collected from students is not sufficient to meet the establishment cost and annual charges collected from students is also not sufficient to meet other revenue expenses of the school and therefore, the surplus generated from earmarked levies has been applied towards meeting establishment cost and other revenue expenses of the school on account and also, separate segregation of expenses is not possible. Accordingly, based on school submission while deriving the fund position total fees (including earmarked fee) have been included in the income and total expenses (included those for earmarked purposes) have been included in the expenditure.

Similar observation was also noted in order no. F.DE.15(175)/PSB/2019-1110-1114 dated 14.03.2019 issued for academic session 2017-18 wherein it was noted that school had not maintained fund based accounting for earmarked levies and also, was using surplus earned from earmarked levies for other expense.

Thus, the school is directed to maintain separate fund account against each amount collected, utilised and the balance amount for each earmarked levy collected from students. Unintentional surplus/deficit, if any, generated from earmarked levies has to be utilized or adjusted against earmarked fees collected from the users in the subsequent year with evaluation being made against each earmarked levy in such way that the revised fee structure for earmarked levies during subsequent proposal for enhancement of fee indicates no-profit no-loss.

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 7 of Order No. DE 15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and Clause 14 of Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009, "Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, 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 income generated from the investment made out of this fund, will be kept in a separately maintained Development Fund Account."

As per Directorate's order no.F.DE.15(175)/PSB/2019-1110-1114 dated 14.03.2019 issued for academic session 2017-18, it was noted that the school had incurred expenditure relating to repairs and maintenance of building INR. 9,64,327 and INR. 36,12,044 for FY 2016-17 and FY 2017-18 respectively and reflected the same as utilisation of development fund in the audited financial statements. Since the development fund is specifically made for supplementing the resources for purchase, upgradation and replacement of furniture, fixture and equipment and not for land & building, the school was directed to utilise development fund for purchase of furniture, fixture and equipment only. During personal hearing school has submitted that school has discontinued the above-mentioned practice and has not incurred any expenditure of repairs and maintenance of building in FY 2018-19.

Moreover, it was also noted in order dated 14.03.2019 that the interest income from fixed deposits maintained against for development fund had not been credited to the development fund account in FY 2016-17 and school was directed to transfer the interest income from fixed deposits to development fund account. During personal hearing school has submitted that school has discontinued the above-mentioned practice and transfers interest on fixed deposits maintained against development fund to the credit of development fund account in FY 2018-19.

3. As per Para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India "*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.*" Further, Para 102 of the abovementioned 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/utilization 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 utilization of each fund balanced
   d) Restrictions, if any, on the utilization of specific assets."

On review of audited Financial Statements for FY 2016-17, 2017-18 and 2018-19, it has been noted that school is not following aforesaid para 99 of Guidance Note -21 and thus, not transferring any amount from the deferred income account to the credit of income and expenditure account. From FY 2018-19 school has started the Income and expenditure account has been prepared in the columnar form for each fund maintained by the school. The depreciation on fixed assets purchased out of development fund has been charged in the Development fund column in the Income and Expenditure Account and at year end, this amount is transferred from the Income and Expenditure appropriation account to the Development fund account which results into deduction from Development fund.

Thereafter, an amount equivalent to the depreciation charged on fixed assets purchased out of development fund is transferred from the Assets purchase fund to Development fund which results to addition in Development fund. This treatment of accounting though provides the correct year-end balance of General fund, Development fund and Assets purchase fund but is not in accordance with accounting presentation suggested by GN-21 in para 99. Thus, school is directed to comply with the provisions of Guidance Note -21.

Similar observation was also noted in order no.F.DE.15(175)/PSB/2019/1110-1114 dated 14.03.2019, wherein it was noted that the school was not transferring amount equivalent to depreciation from 'Development Fund Assets Capital Reserve' to the Income and Expenditure Account in FY 2016-17 in accordance with para 99 of GN-21.

Moreover, the school has started following aforesaid accounting treatment from FY 2018-19 and has not considered the impact of accounting treatment mentioned in para 99 of GN-21 in its financial statements for previous financial years on opening balances of development fund, assets purchase fund, general reserve fund and depreciation reserve fund have not been adjusted. Therefore, school is directed to comply the para 99 of GN -21 and to consider the impact of the accounting treatment on opening balances of development fund, assets purchase fund, general reserve fund and depreciation reserve fund.

4. As per Directorate's order no.F.DE.15(175)/PSB/2019-1110-1114 dated 14.03.2019 issued for academic session 2017-18, the school had prepared a Fixed Assets Register (FAR) that captures asset name, date and amount. The school was directed to also include details such as supplier name, invoice number, manufacturer's serial number, location, purchase cost, other costs incurred, depreciation, asset identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place. School had submitted that it has prepared fixed assets register but the same was not in the required format. The school further mentioned that it will make recommended changes from FY 2018-19 onwards.

   On review of documents submitted by school, it has been noted that the school has not submitted any compliance related to above mentioned order. Also, school submitted that it has filed an appeal/application in Hon'ble Delhi High court for review and relief against the aforesaid order dated 14.03.2019. The above, being a procedural observation, do not warrant any financial impact for deriving the fund position of the school. The school is directed to maintain the fixed assets register in proper format and to ensure the safeguarding of fixed assets and the same shall be verified at the time of evaluation of fee proposal for next financial year.

5. As per Directorate's order no.F.DE.15(175)/PSB/2019-1110-1114 dated 14.03.2019 issued for academic session 2017-18, it was noted that the school was not charging any consideration from the rented book-shop and dress/uniform shop. The school informed that they only have a tuck shop and no commercial activity was undertaken. However, the school did not provide any contract with the tuck shop/ book-shop/ Uniform vendor. Also, details of the income generated by School from renting of the space was not provided by the school. The school was directed to provide contracts and complete details of income earned from letting out of the school premises.

On review of documents submitted by school, it has been noted that the school has not submitted any compliance related to above mentioned order. Also, school submitted that it has filed an appeal/application in Hon'ble Delhi High court for review and relief against the aforesaid order dated 14.03.2019. The school is directed to provide the details of income earned from letting out of school premises and the compliance shall be verified at the time of examination of fee proposal for next financial year.

6. As per clause no. 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 11.02.2009 states "*No caution money/security deposit of more than five hundred rupees per student shall be charged. The caution money, thus collected shall be kept deposited in a scheduled bank in the name of the concerned school and shall be returned to the student at the time of his/her leaving the school along with the bank interest thereon irrespective of whether or not he/she requests for refund.*"

On review of audited financial statements for FY 2017-18 and 2018-19 it has been noted that the school still do not refund caution money along with interest in accordance with aforesaid order/ directions. Similar observation was also noted in order no.F.DE.15(175)/ PSB/2019-1110-1114 dated 14.03.2019 issued for academic session 2017-18 wherein it was noted that school do not maintain separate bank account for deposit of caution money collected, refunds caution money @ INR. 300 per student after deducting INR. 200 for Alumni Association without any interest thereon and do not maintain student wise security deposit/ caution money register. School was directed to maintain separate bank account for caution money, refund full amount of caution money along with interest and to maintain security deposit/ caution money register.

During personal hearing school has submitted that from FY 2017-18 it has discontinued the practice of deducting alumni fund from caution money refundable to students and has started adjusting the caution money already collected from existing students against the fees due. As at year ending 31.03.2019 caution money refundable stands at INR. 7,23,000 and the same has considered while deriving the fund position of the school. The school is directed to refund excess deposits belonging to the students left along with interest and to open separate bank account/create fixed deposit with bank for such caution money.

7. On review of audited financial statements for FY 2017-18, it has been noted that the school credited the general reserve fund with 'Inter unit adjustment – (Delhi Chinmaya Sewa Trust) amounting INR. 2,00,00,000 while as per Receipts and Payments account the trust has paid school amounting INR. 1,61,22,909. The reasons for difference between the aforesaid amounts have not been explained by the school. School is directed to submit the reasons of difference between these two amounts and the same shall be verified at the time of examination of fee proposal for next session.

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. **20,28,69,996** out of which cash outflow in the year 2019-20 is estimated to be INR. **18,56,61,472**. This results in net surplus of INR. **1,72,08,524**. The details are as follows:

Particulars	**Amount in INR.**
Cash and Bank balances as on 31.03.19 as per Audited Financial Statement	95,81,202
Investments as on 31.03.19 as per Audited Financial Statements	10,58,00,660
Liquid funds as on 31.03.2019	**11,53,81,862**
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) **(Refer Financial Observation No. 1)**	11,56,02,022
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)	63,03,393
Available funds for FY 2019-20	**23,72,87,277**
Less: Fixed deposit with HDFC Bank for Scholarships **(as per audited Financial Statements for FY 2018-19)**	5,50,000
Less: Investments with LIC for Gratuity and Leave Encashment **(Refer Financial Observation No. 2)**	80,00,000
Less: Caution money as on 31.03.2019 **(Refer Other Observation No. 6)**	7,23,000
Less: Increased fee collected in FY 2016-17 not refunded/adjusted and amount charged as Portal fee **(Refer Financial Observation No. 1)**	1,31,95,200
Less: Development Fund **(Refer Note 1 Below)**	1,19,49,081
Net Available funds for FY 2019-20	**20,28,69,996**
Less: Budgeted expenses for the session 2019-20 (after making adjustment) **(Refer Note 2 Below)**	15,16,06,472
Less: Arrears of salaries as per 7th CPC for 01.01.2016 to 31.03.2019 **(Refer Note 3 below)**	3,40,55,000
Estimated Surplus	**1,72,08,524**

Notes:

1. The Hon'ble Supreme Court in the matter of Modern School held that development fees for supplementing the resources for purchase, upgradation and replacements of furniture and fixtures and equipment can be charged from students by the recognised unaided schools not exceeding 15% of the total annual tuition fee. Further the Directorate's circular no. 1978 dated 16 April 2010 address 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 allowances 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". Over a number of years the school has accumulated Development Fund and has reflected the closing balance of INR. 3,32,76,373 in its audited financial statements of FY 2018-19. Accordingly, the accumulated reserve of development fund created by the school by collecting development fees more than its requirement for purchase, upgradation and replacements of furniture and fixtures and equipment has been considered as free reserve available with the school. However, development fund equivalent to amount collected in one year (FY 2018-19) from the students has been considered for deriving the fund position of the school.

2. As per the Budgeted Receipt and Payment Account for FY 2019-20 submitted by the school along with proposal for fee increase, the school has budgeted for Building, Shed and Porta Cabin amounting INR. 39,00,000, INR. 20,00,000 and INR. 20,35,000 respectively. School fee cannot be utilised for incurring such capital expenses, as these become integral part of building. As per clause 2 of Public Notice 04.05.1997 building is the responsibility of the society. Further, as per Rule 177 of DSER, 1973 fee on first instance, shall be used for payment of salaries and other benefits available to staff. However, school is yet to pay salaries and arrears on the basis of the recommendation of 7th CPC and also, has not ensured to deposit with LIC amount equivalent to its gratuity and leave encashment liability. Therefore, these expenditures have not been considered in above calculation.

3. As per Notes to accounts annexed forming part of the Financial Statements for FY 2018-19, it has been noted that the school stated contingent liability for INR. 1,92,00,000 as arrears of salaries as per 7th CPC for 01.01.2016 to 31.03.2018. In calculation of fund availability these arrear liabilities have been considered though school has not provided the same in its financial statements. Moreover, school has provided for 7th CPC liability for 01.04.2018 to 31.03.2019 in its Financial Statements for FY 2018-19 amounting INR. 1,48,55,000 and the same are still not paid to the staff and therefore, this amount is also considered in the above calculation with direction to the school to release employees' dues of 7th CPC arrears immediately.

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, 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 **Chinmaya Vidyalaya, Munirka Marg, Vasant Vihar, New Delhi-110057 (School Id: 1720127** 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
Chinmaya Vidyalaya, Munirka Marg,
Vasant Vihar, New Delhi-110057 (School Id: 1720127)

No. F.DE.15(818)/PSB/2022 / 5294- 5298

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