

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

No. F.DE.15 (1526)/PSB/2023/ 7412-7416

Dated: 21/08/23

Order

WHEREAS, **Lovely Public Senior Secondary School, Priya Darshini Vihar, Delhi – 110092 (School Id: 1001198)** (hereinafter referred to as “**the School**”), run by the **Lovely Bal Shiksha Parishad Society** (hereinafter referred to as the “**Society**”), is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi (hereinafter referred to as “**DoE**”), under the provisions of Delhi School Education Act & Rules, 1973 (hereinafter referred to as “**DSEAR, 1973**”). The school is statutorily bound to comply with the provisions of the DSEAR, 1973 and RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

AND WHEREAS, the manager of every recognized 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.’*

Thus, the Director (Education) has the authority to examine the full statement of fees filled under section 17(3) of the DSEA, 1973 and returns and documents submitted under section 18(5) of DSEA, 1973 read with rule 180(1) of DSER, 1973.

AND WHEREAS, besides the above, the Director (Education) is also required to examine and evaluate the fee increase proposal submitted by the private unaided recognized schools for some of the schools which have been allotted from Director (Education) before any increase in fee.

AND WHEREAS, 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/2019/4440-4412 dated 08.06.2022, 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 academic session 2022-23.

AND WHEREAS, in pursuance to order dated 08.06.2022 of the DOE, the school submitted its proposal for increase of fee for the academic session 2022-23. Accordingly, the order dispenses the proposal for increase of fee submitted by the school for the academic session 2022-23.

AND WHEREAS, in order to examine the proposals submitted by the schools for fee increase for justifiability or not, the DoE has evaluated the fee increase proposals of the School carefully in accordance with the provisions of the DSEAR, 1973, and other Orders/ Circulars issued from time to time by the DoE.

AND WHEREAS, in the process of examination of fee increase proposal filed by the aforesaid School for the academic session 2022-23, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 27th March 2023 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. In the aforesaid personal hearing, compliance of Order No. 15/ (436)/PSB/2022/2112-2116 dated 21.04.2022 issued for FY 2018-19 and Order No. 15/ (483)/PSB/2022/2679-2683 dated 10.05.2022 issued for FY 2019-20 were also discussed with the school and the school's submissions were taken on record.

AND WHEREAS, on receipt of clarification as well as documents uploaded on the web portal for the fee hike post personal hearing, the fee hike proposal was evaluated by DOE and the key suggestions noted for improvement by the school are hereunder:

A. Financial Suggestions for Improvement

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

The above-mentioned savings shall be arrived at after providing for the following, namely:

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

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

The Directorate in its Order No. 15/ (436)/PSB/2022/2112-2116 dated 21.04.2022 issued for FY 2018-19 and Order No. 15/ (483)/PSB/2022/2679-2683 dated 10.05.2022 issued for FY 2019-20, directed the school to recover INR 49,50,043 and INR 60,98,822 from the society towards the expenditure incurred on construction of building in FY 2014-15 and 2017-18 respectively. The above expenditures were incurred by the school without complying with the above-mentioned provisions. However, the school has recovered the amount from the society and the same has been considered in the funds availability position of the school.

On review of audited financial statements for FY 2019-20 to 2021-22, the school has incurred capital expenditure of INR 3,02,85,644 on construction and upgradation of sports arena, science lab, fountain, solar panels, tennis court, basketball court, badminton court, etc. The expenditure incurred by the school is in contravention of above-mentioned provisions without ensuring payment of salaries as per 7th CPC till end of FY 2021-22.

The reason given by the school for the utilization of the school fund is not in accordance with the Rule 177 of the DSER, 1973. Accordingly, the aforesaid recovery amounting to INR 4,13,34,509 (INR 3,02,85,644 plus INR 49,50,043 plus INR 60,98,822) has been included in the calculation of available funds of the school with the direction to the school to recover this amount from the society. The school has submitted the copy of society ledger and the copy of the bank statement showing amount transfers from the society. However, in the compliance report submitted to the department it has annexed copy of bank statements and society ledger showing recovery of amounts from the society. These amounts have been considered in the funds availability and the school is directed to recover remaining amounts from the society within 30 days from the date of issue of the order.

2. The Directorate in its Order No. 15/ (436)/PSB/2022/2112-2116 dated 21.04.2022 issued for FY 2018-19 and Order No. 15/ (483)/PSB/2022/2679-2683 dated 10.05.2022 issued for FY 2019-20, directed the school to recover INR 85,87,197 utilized by the school for purchase of vehicles during the FY 2017-18 and 2018-19 out of the school funds. However, the school has recovered the amount from the society and the same has been considered in the funds availability position of the school.

Accordingly, the amount of INR 85,87,197 has been first considered while deriving the school's fund position and the amount recovered from the society has been considered separately.

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

The DOE in its Order No. 15/ (436)/PSB/2022/2112-2116 dated 21.04.2022 issued for FY 2018-19 and Order No. 15/ (483)/PSB/2022/2679-2683 dated 10.05.2022 issued for FY 2019-20, directed the to follow correct accounting procedure in accordance DSEAR,1973 and other orders issued by the directorate for arriving at correct position of the general reserve and development fund balance. But the school has not yet complied with the direction of the department and has been continuously utilising development fee in contravention of clause 14 of the order dated 11.02.2009.

On review of audited financial statements for FY 2019-20, 2020-21 and 2021-22, the school has utilised its development fund for purchase of assets other than furniture, fixtures and equipment in contravention of clause 14 of the order dated 11.02.2009. The details of utilisation of development fee in contravention of clause 14 from FY 2015-16 to FY 2021-22 are as under:

Particulars	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Fixed Assets other than Furniture and				
Fixture and Equipment				
Building	-	-	60,98,822	-
Bus	66,000	-	-	-
Badminton Court	-	-	-	8,00,000
Library Books	2,21,820	77,083	1,08,230	2,640
Revenue Expenditure				
Boundary wall renovation	-	9,42,109	-	-
Conference room renovation	-	9,40,034	-	-
Swimming Pool	-	19,59,471	-	-
Road maintenance	-	4,46,851	-	-



Particulars	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Science lab renovation	10,14,740	-	-	22,27,082
Mind power lab	6,33,720	-	-	-
ASL Room	9,01,942	-	-	-
Furnishing and Fitting	-	5,32,079	-	-
Match Lab	-	91,545	-	-
Robotic Lab	-	1,50,685	-	-
Total	28,38,222	51,39,857	62,07,052	30,29,722

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Fixed Assets other than Furniture and Fixture and Equipment			
Tennis Court	13,06,367	-	-
Tennis Pole	11,200	-	-
Climbing Wall	1,19,770	-	-
Basketball Court	16,33,480	-	-
Badminton Court	18,24,536	-	-
Upgradation of Science Lab	24,70,507	-	-
Furnishing & Finishing	10,91,500	-	-
Porta Cabin	-	3,79,665	-
Sports Arena	-	71,00,000	84,15,442
Artificial Turf for cricket	-	1,13,071	-
Scooter	-	-	94,000
Tennis Court	-	-	41,888
Basketball Poll	-	-	90,720
Badminton Poll	-	-	34,832
Science Park	-	2,67,965	2,92,301
Fountain	4,92,970	-	-
Total	89,50,330	78,60,701	89,69,183

Accordingly, the school is again directed to follow correct accounting with respect to development fund and make the necessary rectification entries in its books of accounts and report the correct development fund and general fund balance in its audited financial statements. In case the school fail to comply with the above direction necessary action against the school will be taken under section 24 of the DSEA, 1973.

4. 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.*"

From review of the audited financial statements of the school for the FY 2021-22, it was noted that the school has not created the provision for gratuity and leave encashment in accordance with the actuarial valuation report submitted by the school. The Actuarial valuation report revealed INR 2,46,46,974 as gratuity liability and INR 66,57,840 as leave encashment liability whereas the provision for gratuity and leave encashment stood at INR 2,60,25,201 and INR 73,60,721. Further, the school has made investment with LIC amounting to INR 55,02,329 for gratuity liability which has been considered while deriving the fund position of the school.

Thus, the school is directed to deposit the amount determined by the actuary in plan assets as per the requirements of AS-15 and submit the compliance report within 30 days from the date of issue of the order.

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

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

Further, Clause 3 and 4 of Order No. DE/15/150/Act/2010/4854-69 dated 9 Sep 2010 stated "In case of those ex-students who have not been refunded the caution money/ security deposit, the schools shall inform them (students) at their last shown address in writing to collect the said amount within thirty-days. After the expiry of thirty days, the un-refunded Caution money belonging to the ex-students shall be reflected as income for the next financial year & it shall not be shown as liability. Further, this amount shall also be taken into account while projecting fee structure for ensuing academic year."

The Directorate in its Order No. F.DE. 15/ (436)/PSB/2022/2112-2116 dated 21.04.2022 issued for FY 2018-19 and Order No. F.DE. 15/ (483)/PSB/2022/2679-2683 dated 10.05.2022 issued for FY 2019-20, directed the school to ensure the compliance with the afore-mentioned directions.

However, the school has submitted that only principal amount is being refunded to the students at the time of his /her leaving from the school which is not in accordance with the clause 18 of the order dated 11.2.2009 and clause 3 of the Public Noted dated 04.05.1997. The school is hereby directed to comply with the above-mentioned provisions with respect to caution money collected from the student including the treatment of un-refunded Caution money belonging to the ex-students shall be reflected as income for the next financial year. Therefore, the amount refundable

INR 6,00,000 as on 31.03.2022 as per the audited Financial Statements has been considered while deriving the fund position of the school.

B. Other Suggestions for Improvement

1. Rule 176 - 'Collections for specific purposes to be spent for that purpose' of the DSER, 1973 states "*Income derived from collections for specific purposes shall be spent only for such purpose.*"

Clause 22 of Order No. F.DE./15 (56) /Act /2009 / 778 dated 11.02.2009 states that *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*

Sub-rule 3 of Rule 177 of DSER, 1973 states "*Funds collected for specific purposes, like sports, co-curricular activities, subscriptions for excursions or subscriptions for magazines, and annual charges, by whatever name called, shall be spent solely for the exclusive benefit of the students of the concerned school and shall not be included in the savings referred to in sub-rule (2).*" Further, Sub-rule 4 of the said rule states "*The collections referred to in sub-rule (3) shall be administered in the same manner as the monies standing to the credit of the Pupils Fund as administered.*"

Also, earmarked levies collected from students are a form of restricted funds, which, according to Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, are required to be credited to a separate fund account when the amount is received and reflected separately in the Balance Sheet.

Further, the aforementioned Guidance Note lays down the concept of fund base accounting for restricted funds, whereby upon incurrance 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 for FY 2019-20 to 2021-22, it is noted that the school charges earmarked levies in the form of Transport Fees, Technology and Activity Fees, Examination Fees from students without maintaining separate fund accounts and on which school has been generating either surplus or incurring deficit. 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. The details of calculation of surplus/deficit, based on financial statements is given below:

Particulars	Transport Fee (in INR)	Tech. & Activity Fees (in INR)	Examination Fees (in INR)
For the year 2019-20			
Fee Collected during the year (A)	81,20,100	1,82,84,353	16,23,350
Expenses during the year (B)	94,95,618	-	24,19,062

Particulars	Transport Fee (in INR)	Tech. & Activity Fees (in INR)	Examination Fees (in INR)
Difference for the year (A-B)	-13,75,518	1,82,84,353	-7,95,712
For the year 2020-21			
Fee Collected during the year (A)	-	-	16,26,430
Expenses during the year (B)	40,05,630	-	2,29,170
Difference for the year (A-B)	-40,05,630	-	13,97,260
For the year 2021-22			
Fee Collected during the year (A)	-	-	16,26,430
Expenses during the year (B)	42,23,731	-	4,29,678
Difference for the year (A-B)	-42,23,731	-	11,96,752

*The school has not provided corresponding expenditure incurred against the earmarked levies.

Based on the above provisions, the earmarked levies are to be collected only from the user students availing the service/facility. In other words, if any service/facility has been extended to all the students of the school, a separate charge should not be levied for the service/facility as the same would get covered either under tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). The school is charging "Technology and Activity Fee" from the students of all classes. Thus, the fee charged from all students loses its character of earmarked levy, being a non-user-based fees. Thus, the school should not charge "Technology and Activity Fee" as earmarked fee. The expenses relating to these services / facilities shall be incurred from tuition fee and annual charges, as the case maybe.

Similar Observations were also noted in Directorate's Order No. F.DE. 15/ (436)/PSB/2022/2112-2116 dated 21.04.2022 issued for FY 2018-19 and Order No. F.DE. 15/ (483)/PSB/2022/2679-2683 dated 10.05.2022 issued for FY 2019-20 which the school has yet to comply with.

Accordingly, the school is hereby directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus/deficit, if any, generated from earmarked levies shall be utilized or adjusted against earmarked fees collected from the users in the subsequent year. Further, the school should evaluate costs incurred against each earmarked levy and propose the revised fee structure for earmarked levies during subsequent proposal for enhancement of fee ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.

- As per per Order no. No. F.DE-15/ACT-I/WPC-4109/Part/13/ 7914-7923 dated 16.04.2016 read with order of Hon'ble High Court of Delhi dated 19.01.2016 in writ petition No. 4109/2013 in the matter of Justice for All versus GNCTD and others and the decision of Hon'ble Supreme Court in the judgment dated 27.04.2004 passed in Civil Appeal No. 2699 of 2001 titled Modern School V. Union of India and others, all Private Unaided recognised Schools, allotted land by the land owning agencies on the condition of seeking prior sanction of Director of Education for increase in fee, shall apply to the Director Education for increase in fee and shall increase the fee only if the same has been approved by the Director Education.

The Directorate in its order F.DE.15(413)/PSB/2018/30066-71 dated 30.11.2018 issued for FY 2017-18, noted that the school increased its fee in FY 2016-17 without taking prior approval from the Director of Education, under the head examination fee, annual charges, board fees and pupil fund fee wherein increase in fee collection was more than 10% though the increase in students was 2% only and further directed the school to refund or adjust the increased fee in subsequent months.

However, the school confirmed that it has neither refunded nor adjusted the excess amount collected by it. The details of fee increased and increase in students are as follows:

Particulars	2015-16	2016-17	Difference	Change in %
Examination Fees	30,82,500	46,63,000	15,80,500	51%
Annual Charges	81,05,180	95,37,840	14,32,660	18%
Board Fees	-	7,57,690	7,57,690	-
Pupil Fund Fees	40,97,071	50,98,065	10,00,994	24%
No. of students	2,859	2,924	65	2%

In view of above it is clear that the school has increased the fee in contravention of aforesaid order and order of Hon'ble High Court of Delhi. Thus, the school is once again directed to ensure the compliance with the aforesaid order and submit the compliance report within 30 days from the date of issue of the order. In case the school fails to comply with this direction necessary action as per the provision of DSEAR,1973 will be taken by the department.

3. The school has not prepared Fixed Assets Register (FAR) for keeping track of fixed assets purchased by it. The school should prepare a FAR, which should include details such as asset description, purchase date, 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 complete details of assets at one place.

The Directorate in its Order No. F.DE. 15/ (436)/PSB/2022/2112-2116 dated 21.04.2022 issued for FY 2018-19 and Order No. F.DE. 15/ (483)/PSB/2022/2679-2683 dated 10.05.2022 issued for FY 2019-20, noted that the school shall comply with the preparation of FAR. However, the school has not submitted FAR along with the compliance report.

Accordingly, the school is directed to prepare and submit FAR while applying for fee increase proposal of subsequent year. This being a procedural observation, no financial impact is warranted for deriving the fund position of the school.

After detailed examination of all the material on record and considering the clarification submitted by the school, it was finally evaluated/ concluded that:

- i. The total funds available for the FY 2022-23 amounting to INR21,31,52,667 out of which cash outflow in the FY 2022-23 is estimated to be INR 22,57,44,879. This results in deficit of INR1,25,92,212 for FY 2022-23 after all payments. The details are as follows:

Particulars	Amount (in INR)
Cash and Bank balances as on 31.03.22 as per Audited Financial Statements	4,01,69,706
Investments as on 31.03.22 as per Audited Financial Statements	4,05,25,141
Liquid Funds as on 31.03.2022	8,06,94,847

Particulars	Amount (in INR)
Add: Recovery from the society towards capitalisation of Building [Refer Financial Suggestion No. 1]	4,13,34,509
Add: Amount spent for vehicles recoverable from society [Refer Financial Suggestion No. 2]	85,87,197
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	18,62,57,990
Add: Other Income for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	24,89,004
Add: Additional Income of Annual Charges and Development Fund (Refer Note 4 Below)	70,20,892
Add: Additional Fees due to increase in fee @15% from 01.07.2022 (Refer Note 5 Below)	59,09,924
Less: Arrears of Annual Charges and Development Charges of FY 2020-21 collected in FY 2021-22 (Refer Note 3 Below)	3,41,45,509
Total Available Funds for FY 2022-23	29,81,48,854
Less: FDR in the name of Manager & CBSE as on 31.03.2022 (Refer Note 1 Below)	11,69,432
Less: FDR in the name of Manager & DOE as on 31.03.2022 (Refer Note 1 Below)	3,83,02,147
Less: Caution Money (Refer Financial Suggestion No. 5)	6,00,000
Less: LIC Investment for Gratuity Liability [Refer Financial Suggestion No. 4]	55,02,329
Less: ATL Fund (Refer Note 6 Below)	13,91,798
Less: Development Fund (Refer Note 7 Below)	1,50,48,300
Less: Contribution received from Society during FY 2019-20	1,92,42,807
Less: Balance with Bank (EWS Fund) as on 31.03.2022	37,39,374
Net Available Funds for FY 2022-23 (A)	21,31,52,667
Less: Budgeted expenses for the session 2022-23 (Refer Note 8 Below)	22,57,44,879
Less: Salary Arrears of 7th CPC (Refer Note 9 Below)	-
Total Estimated Expenditure for FY 2022-23 (B)	22,57,44,879
Net Deficit (A-B)	1,25,92,212

Note 1: The detail of fixed deposit held by the school as per the audited financial statements for the FY 2021-22 is provided below:

Particulars	Amount (in INR)	Remarks
FDR in the joint name of CBSE & School	11,69,432	Deducted while calculating available funds of the school.
FDR in the joint name of Dy Director of Education and Manager of the School	3,83,02,147	Deducted while calculating available funds of the school.
Total	3,94,71,579	

Note 2: All the fee and other income as per audited financial statements for the FY 2021-22 has been considered with the assumption that the amount received in FY 2021-22 will at least accrue during FY 2022-23.

Note 3: The Arrears of Annual Charges and Development Charges of FY 2020-21 collected in FY 2021-22 as per the school's submission are as under:

Fee heads	Arrears of FY 2020-21 collected in FY 2021-22
Annual Charges	2,28,07,255
Development Fee	1,13,38,254
Total	3,41,45,509

Note 4: The Department vide its Order No.F.No.PS/DE/2020/55 dated 18.04.2020 and Order No.F.No.PS/DE/2020/3224-3231 dated 28.08.2020 had issued guidelines regarding the chargeability of fees during the pandemic COVID 2019. The department in both the above-mentioned orders directed to the management of all the private schools not to collect any fee except the tuition fee irrespective of the fact whether running on the private land or government land allotted by DDA/other land-owning agencies and not to increase any fee in FY 2020-21 till further direction.

The department in pursuance of the order dated 31.05.2021 in WPC 7526/2020 of Single Bench of the Hon'ble High Court of Delhi and interim order dated 07.06.2021 in LPA 184/2021 of the Division Bench of Hon'ble High Court of Delhi and to prevent the profiteering and commercialization, again directed to the management of all the petitioners private unaided recognized schools through its Order No. F. No. DE.15 (114) /PSB /2021 /2165-2174 dated 01.07.2021:

- (i) "to collect annual school fee (only all permitted heads of fees) from their students as fixed under the DSEAR,1973 for the academic year 2020-21, but by providing deduction of 15% on that amount in lieu of unutilized facilities by the students during the relevant period of academic year 2020-21". And if the school has collected the fee in excess to the direction issued by the Hon'ble Court, the same shall be refunded to the parents or adjusted in the subsequent month of fee or refund to the parents.
- (ii) The amount so payable by the concerned students be paid in six equal monthly instalments w.e.f. 10.06.2021.

From review of the audited financial statements for the FY 2021-22 and based on the further information provided by the school post personal hearing, it has been noted that the school has reported tuition fees at 100%, annual charges and development fees at 85% in its audited financial statements of FY 2021-22. Therefore, the income collected by the school during the FY 2021-22 with respect to tuition fee, annual charges and development fees has been grossed up to make comparative income with the FY 2022-23. The detailed calculation has been provided below:

Particulars	Income as per Audited Income & Expenditure Account for the FY 2021-22	Income Considered while deriving the fund position for the FY 2022-23	Remarks
Tuition fee	11,07,92,028	11,07,92,028	As per details provided by the school, Annual Charges and Development Charges collected in FY 2021-22 at the rate of 85% and thus, difference amount of INR 70,20,892 has been considered.
Annual Charges	2,69,93,998	3,17,57,645	
Development Charges	1,27,91,055	1,50,48,300	
Total	15,05,77,081	15,75,97,973	

Note 5: The school was allowed to increase fee 5% vide Order No. F.DE. 15/ (483)/PSB/2022/2679-2683 dated 10.05.2022 issued for FY 2019-20 from 1st July, 2022. School has submitted that it has increased the fee @5% from 1st July 2022. Accordingly, additional income on account of fee increase

will also accrue to the school in FY 2022-23 and thus, following amount has been considered as funds available with the school:

Fee heads	Actual receipt in FY 2021-22	Grossed Up	Total Estimated Fee	Increased fee (with fee increase @5% for 9 months)
Tuition fees	11,07,92,028	-	11,07,92,028	11,49,46,729
Annual Charges	2,69,93,998	47,63,647	3,17,57,645	3,29,48,556
Development Fee	1,27,91,055	22,57,245	1,50,48,300	1,56,12,611
Total	15,05,77,081	70,20,892	15,75,97,973	16,35,07,897
Impact of fee increase				59,09,924

Note 6: Amount included in the school fund toward ATL lab has been adjusted while deriving the fund position of the school.

Note 7: The Supreme Court in the matter of Modern School held that development fees for supplementing the resources for purchase, upgradation and replacement of furniture and fixtures and equipment charged from students by the recognized unaided schools not exceeding 15% of the total annual tuition fee. Further, the Directorate's circular no. 1978 dated 16 Apr 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." Over a number of years, the school has accumulated development fund and has reflected the closing balance of Rs. 3,54,22,734 in its audited financial statements of FY 2021-22. Accordingly, the accumulated reserve of development fund created by the school by collecting development fee 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 for meeting the financial implication of 7th CPC to be implemented by the school. However, development fund equivalent to amount collected in FY 2021-22 amounting Rs. 1,50,48,300 from students has not been considered as fund available with school.

Note 8: All budgeted expenditure proposed by the school amounting to INR 26,83,27,000 has been considered while deriving the fund position of the school except the following:

Head of Expenditure	2022-23 (in INR)	Amount disallowed (in INR)	Remarks
Salary - Non-Teaching Staff	4,30,00,000	1,47,91,121	Restricted to 130% of expenditure incurred in FY 2021-22.
Provision for Teacher Salary Reserve	1,26,50,000	1,26,50,000	Already considered in earmarked investments
Depreciation	57,00,000	57,00,000	Depreciation being non-cash expenditure, has not been considered in the calculation of funds availability position of the school.
Transport expenses	93,46,000	93,46,000	Neither Income nor expense has been considered while
Uniform Expenses		95,000	

Head of Expenditure	2022-23 (in INR)	Amount disallowed (in INR)	Remarks
	95,000		deriving the fund position of the school.

Note 9: In accordance with Section 10(1) of Delhi School Education Act 1973, scales of pay and allowance, medical facilities, pension gratuity, provident fund, and other prescribed benefits of the employees of a recognized private school shall not be less than those of the employees of the corresponding status in schools run by the appropriate authority.

Further, Directorate of Education has adopted the Central Civil Serviced (Revised Pay) Rules, 2016 vide Circular No 30-3(17)/(12)/VII pay Comm./2016/11006-11016 dated 19.08.2016 and No. 30-3(17)/(12)/VII pay Comm./Coord./2016/12659-12689 dated 14.10.2016 for employees of Government Schools.

Further, in exercise of the powers conferred under clause (xviii) of Rule 50 of the Delhi School Education Rules, 1973, vide Competent Authority order No DE.15 (318)/PDB/2016/18117, dated 25.08.2017, the managing committees of all Private unaided Recognized Schools have already been directed to implement central Civil Services (Revised Pay) Rule, 2016 in respect of the regular employees of the corresponding status with effect from 01.01.2016 (for the purpose of pay fixation and arrears). Further, guidelines/detailed instructions for implementation of 7th CPC recommendations in Private Un-aided Recognized Schools of Delhi has been issued vide DOE order dated 17.10.2017.

Further in the previous years' order of the Directorate, Order No. F.DE. 15/ (436)/PSB/2022/2112-2116 dated 21.04.2022 issued for FY 2018-19 and Order No. F.DE. 15/ (483)/PSB/2022/2679-2683 dated 10.05.2022 issued for FY 2019-20, the school was directed to implement the recommendations of 7th CPC and arrears was allowed to the school at that time. As per school's reply during hearing, the school has implemented the recommendations of 7th CPC from 01.07.2022. Also, the school has not provided any liability towards 7th CPC arrears in the audited financial statements for FY 2021-22.

- ii. In view of the above examination, it is evident that the school does not have adequate funds to carry on its operations for the academic session 2022-23 on the existing fee 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 the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, the proposal of the school for the session 2022-23 have been evaluated and certain financial suggestions have been identified (appropriate financial impact has been taken on the fund position of the school) and certain procedural suggestions which were also noted (appropriate instruction against which have been given in the order) that the sufficient funds are not available with the school to carry out its operations for the academic session 2022-23.

AND WHEREAS, it is noticed that the school has incurred INR 3,06,78,899 in contravention of Rule 177 and other provisions of DSEAR, 1973 and other orders issued by the departments from time to time. Therefore, the school is directed to recover the aforesaid amount from society/ management. The receipts along with copy of bank statements showing receipt of the above-mentioned amount should be submitted with DoE, in compliance of the same, within 30 days from the date of issue of the order. Non-compliance with this direction shall be viewed seriously as per the provision of DSEA&R, 1973 without providing any further opportunity of being heard.

AND WHEREAS, it is relevant to mention charging of any arrears on account of fee for several months from the parents is not advisable, not only because of the additional sudden burden fall upon the parents/students but also as per the past experience, the benefit of such collected arrears is 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.

AND WHEREAS, the fee proposal of the school 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 sufficient funds are not available with the school for meeting financial implication for the academic session 2022-23. 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 April 2023.

AND WHEREAS, the act of the school of charging unwarranted free 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.

AND WHEREAS, the school is directed, henceforth to take necessary corrective steps on the financial and other suggestion noted during the above evaluation process and submit the compliance report within 30 days from the date of issue of the order to the D.D.E (PSB).

Accordingly, it is hereby conveyed that the proposal for fee hike of **Lovely Public Senior Secondary School, Priya Darshini Vihar, Delhi – 110092 (School Id: 1001198)** filed by the school in response to the Order No. F.DE.-15(40)/PSB/2019/4440-4412 dated 08.06.2022 for the academic session 2022-23, is accepted by the Director (Education) with the above conclusion and suggestions and the school is allowed to increase the fee by 8% for session 2022-23 to be effective from 01.04.2023.

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

1. To increase the fee by 8% from the specified date i.e. 01.04.2023.
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 the 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.



(Jai Parkash)

Deputy Director of Education
(Private School Branch)

Directorate of Education, GNCT of Delhi

To
The Manager/ HoS
Lovely Public Senior Secondary School,
Priya Darshini Vihar,
Delhi – 110092 (School Id: 1001198)

No. F.DE.15 (1526)/PSB/2023 /7412-7416

Dated: 21/08/23

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 (East) 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.



(Jai Parkash)

**Deputy Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi**