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

No. F.DE.15 (1571 **)/PSB/2023/** 8258- 8262 **Dated:** 25/09/23

Order

WHEREAS, **The Baptist Convent School, CGHS Complex, I.P. Extension, Patparganj, Delhi-110092 (School Id: 1002347)** (hereinafter referred to as **"the School"**), run by **The Baptist Educational 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. F.DE. 15(770)/PSB/2022/4891-4895 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE.15 (769)/ PSB/2022/4886-4890 dated 22.06.2022 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 4 May 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 Oct 1998 in the case of Delhi Abibhavak Mahasangh concluded that "*The tuition fee cannot be fixed to recover capital*

expenditure to be incurred on the properties of the society." Also, Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10 Feb 2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

Accordingly, based on the aforementioned public notice and 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 except in compliance with Rule 177 of DSER, 1973.

The Directorate's Order No. F.DE.15(652)/PSB/2018/30723-30727 dated 19.12.2018 issued for FY 2017-18, Order No. F.DE. 15(770)/PSB/2022/4891-4895 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE.15 (769)/ PSB/2022/4886-4890 dated 22.06.2022 issued for FY 2019-20, noted that the school had incurred expenditure on construction of school building totalling to INR 33,11,586 during FY 2014-15 to FY 2016-17, INR 69,40,633 during FY 2017-18 and INR 32,12,355 during FY 2018-19 without complying with the requirements of Rule 177 and the school was directed to recover INR 1,34,64,574 from the society. However, the recovery from the society is still pending.

The school in its compliance report has mentioned that "the above expenditure incurred was of the nature of major repair and maintenance work undertaken in the school and had been capitalised under the heads Finishing and furnishing, activity block and upgradation of computer labs. School clearly reflects that no building was constructed by the school at all during the period under review."

By looking at the nature and nomenclature of expense, it seems that the school has utilised its funds for the capital expenditure on building without complying the provisions of Rule 177 of DESR, 1973.

Accordingly, INR 1,34,64,574 pertaining to FY 2014-2015 to FY 2018-2019 is hereby added to the fund position of the school with the direction to the school to recover this amount from the Society within 30 days from the date of the order. The school is further directed not to incur capital expenditure on building from school funds without ensuring compliance of Rule 177 of DSER, 1973.

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 recognized 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 as:

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

The Directorate's Order No. F.DE. 15(770)/PSB/2022/4891-4895 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE.15 (769)/ PSB/2022/4886-4890 dated 22.06.2022 issued for FY 2019-20, directed the school to get the actuarial valuation of its liability for leave encashment and report the same in its audited financial statement. Also, the school was directed to invest equivalent to amount determined by the actuary in a scheme that qualify as 'Plan Asset' within the meaning of AS-15.

On review of the audited financial statements for FY 2019-20 to 2021-22, it is noted that the school has obtained actuarial valuation report for its gratuity liability only and has made provision for gratuity of

INR 75,30,016 on the basis of actuarial valuation report. Further, the school has not invested any amount in plan assets to earmark funds towards statutory liability of retirement benefits.

Therefore, the school is again directed to obtain actuarial valuation report and make provision for leave encashment in its books of accounts as per the actuarial valuation report. Also, the school is directed to deposit the amount in the plan assets with LIC (or other agency) as determined in actuary valuation report for gratuity and leave encashment and ensure that the amount deposited in plan assets is equivalent to the provision for gratuity and leave encashment.

3. Directorate's order no. F.DE.15(652)/PSB/2018/30723-30727 dated 19.12.2018 regarding fee increase proposals for FY 2017-18 states "*Not to increase any fee in pursuance to the proposal submitted by school on any account including implementation of 7th CPC for the academic session 2017-2018 and if the fee is already increased and charged for the academic session 2017-2018, the same shall be refunded to the parents or adjusted in the fee of subsequent months*".

As per the land allotment letter issued by the Delhi Development Authority to the Society in respect of the land allotted for the school states "*The school shall not increase the rates of tuition fee without the prior sanction of the Directorate of Education Delhi Admin. and shall follow the provisions of Delhi School Education Act/Rules, 1973 and the instructions issued from time to time*".

Directorate's order no. F.DE.15 (40)/PSB/2019/2698-2707 dated 27.03.2019 regarding fee increase proposals for FY 2018-19 and FY 2019-20 states "*In case, the schools have already charged any increased fee prior to issue of the order, the same shall be liable to be adjusted by the schools in terms of the sanction of the Director of Education on the proposal.*"
The Directorate's Order No. F.DE.15(652)/PSB/2018/30723-30727 dated 19.12.2018 issued for FY 2017-2018 noted that the school had increased tuition fees in FY 2016-17 without prior approval of the directorate. Further, Directorate's Order No. F.DE. 15(770)/PSB/2022/4891-4895 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE.15 (769)/ PSB/2022/4886-4890 dated 22.06.2022 issued for FY 2019-20 noted that the school had collected increased fee from students of class 1st to 3rd and classes 6th and 7th in FY 2016-2017, class 2nd to 4th and classes 7th and 8th in FY 2017-2018 without prior approval of the Directorate. And the school was directed to refund/adjust the excess fee collected from the students.

However, the school in its compliance report has not submitted any explanation regarding this observation. Accordingly, the school is again directed to calculate the excess fee collected from students from FY 2016-2017 to FY 2018-2019 and immediately refund/adjust the excess fee collected and submit the evidence of refund/adjustment to the Directorate within 30 days from the date of the order. Further, the school is directed not to increase any fee/charge of any class without approval from the Directorate.

B. Other Suggestions for Improvement

1. Clause 19 of Order No. F.DE./15(56)/Act/2009/778 dated 11 Feb 2009 states "*The tuition fee shall be so determined as to cover the standard cost of establishment including provisions for DA, bonus, etc., and all terminal, benefits as also the expenditure of revenue nature concerning the curricular activities.*"

Further clause 21 of the aforesaid order states "*No annual charges shall be levied unless they are determined by the Managing Committee to cover all revenue expenditure, not included in the tuition fee and 'overheads' and expenses on play-grounds, sports equipment, cultural and other co-curricular activities as distinct from the curricular activities of the school.*"

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

Para no. 22 of Order No. F.DE./15(56)/ Act/2009/778 dated 11 Feb 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.*"

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

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

Further, the aforementioned Guidance Note lays down the concept of fund-based accounting for restricted funds, whereby upon incurrence of expenditure, the same is charged to the Income and Expenditure Account ('Restricted Funds' column) and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account ('Restricted Funds' column).

On review of audited financial statements for FY 2019-20 to 2021-22, it has been noted that the school charges earmarked levies in the form of Transport Fee, Examination Fee, Technology & Activity charges and Multi Intelligence Activities and the school is not maintaining separate fund accounts for these earmarked levies but has been generating surplus, 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. Based on the information provided by the school the surplus/ deficit generated by the school is provided below.

Particulars	**Transport Fees**	**Examination Fees**	**Technology & Activity Charges***	**Multi Intelligence Activities***
For the year 2019-20				
Fee Collected during the year (A)	8,34,000	21,00,780	77,91,072	11,71,500
Expenses during the year (B)	9,23,707	1,63,675	-	-
Difference for the year (A-B)	**-89,707**	**19,37,105**	**77,91,072**	**11,71,500**
For the year 2020-21				
Fee Collected during the year (A)	-	-	51,73,921	-
Expenses during the year (B)	3,26,975	-	-	-
Difference for the year (A-B)	**-3,26,975**	**-**	**51,73,921**	**-**
For the year 2021-22				
Fee Collected during the year (A)	-	-	90,91,571	-
Expenses during the year (B)	3,03,578	1,09,874	-	-
Difference for the year (A-B)	**-3,03,578**	**-1,09,874**	**90,91,571**	**-**

*The expenditure incurred on these earmarked levies cannot be ascertained from the income & expenditure account.

Similar observations were also noted in Directorate's Order No. F.DE. 15(770)/PSB/2022/4891-4895 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE.15 (769)/ PSB/2022/4886-4890 dated 22.06.2022 issued for FY 2019-20.

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 above-mentioned provisions, earmarked levies are to be collected only from the user students availing of 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 charging of unwarranted fee or charging of any other amount/fee under different heads other than prescribed and accumulation of surplus fund thereof prima-facie is considered as collection of capitation fee in other manner and form. Therefore, the school is directed not to charge Technology & Activity Charges and Multi Intelligence Activities from the students.

Unintentional surplus, if any, generated from earmarked levies must be utilized or adjusted against earmarked fees collected from the users in the subsequent year.

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. 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.

2. 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 Feb 2009 states "*No caution money/security deposit of more than five hundred rupees per student shall be charged. The caution money, thus collected shall be kept deposited in a scheduled bank in the name of the concerned school and shall be returned to the student at the time of his/her leaving the school along with the bank interest thereon irrespective of whether or not he/she requests for refund.*"

The Directorate in the order No. F.DE. 15(770)/PSB/2022/4891-4895 dated 22.06.2022 issued for FY 2018-19 and order No. F.DE.15 (769)/ PSB/2022/4886-4890 dated 22.06.2022 issued for FY 2019-20 directed the school to ensure that the interest on caution money is paid to the students along with the caution money at the time of leaving the school and to treat unclaimed caution money as the income of the school in the audited financial statements.

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school has paid only the caution money to the students without interest at the time of leaving the school. Also, the school has not adjusted the unclaimed caution money to the income and expenditure account. Accordingly, the school is directed to ensure the compliance of clause 18 of order dated 11.02.2009 and clause 3 and 4 of order dated 09.09.2010. The compliance of the above shall be viewed at the time of evaluation of fee increase proposal of subsequent year.

3. The school is not complying with the DOE Order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04-06-2012 as well as condition specified in the land allotment letter which require to provide 25% reservation to children belonging to EWS category.

The Directorate's Order No. F.DE. 15(770)/PSB/2022/4891-4895 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE.15 (769)/ PSB/2022/4886-4890 dated 22.06.2022 issued for FY 2019-20, directed the school to ensure the compliance of above-mentioned provisions.

However, the school has not submitted the details of EWS students as well as total number of students in the school for FY 2019-20 to 2021-22. Therefore, the compliance of provision of 25% reservation to children belonging to EWS category cannot be ascertained.

Accordingly, the school is directed to submit complete details of student strength within 30 days from the date of issue of the order. The compliance of the above shall be viewed at the time of evaluation of fee increase proposal of subsequent year.

4. Clause 14 of this Directorate's Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009 states *"Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up gradation and replacement of furniture, fixtures and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining 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."*

As per Order No. F.DE-15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16 April 2016 "*The Director hereby specify that the format of return and documents to be submitted by schools under rule 180 read with Appendix-II of the Delhi School Education Rules, 1973 shall be as per format specified by the Institute of Chartered Accountants of India, established under Chartered Accountants Act, 1949 (38 of 1949) in Guidance Note on Accounting by Schools (2005) or as amended from time to time by this Institute.*"

Para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states "*Where the fund is meant for meeting capital expenditure, upon incurrence of the expenditure, the relevant asset account is debited which is depreciated as per the recommendations contained in this Guidance Note. Thereafter, the concerned restricted fund account is treated as deferred income, to the extent of the cost of the asset, and is transferred to the credit of the income and expenditure account in proportion to the depreciation charged every year.*"

Further, Para 102 of the aforementioned Guidance Note states "*In respect of funds, schools should disclose the following in the schedules/notes to accounts:*

(a) In respect of each major fund, opening balance, additions during the period, deductions/utilisation during the period and balance at the end;
(b) Assets, such as investments, and liabilities belonging to each fund separately;
(c) Restrictions, if any, on the utilisation of each fund balance;

(d) Restrictions, if any, on the utilisation of specific assets."

The Directorate's Order No. F.DE.15(652)/PSB/2018/30723-30727 dated 19.12.2018 issued for FY 2017-2018, Order No. F.DE. 15(770)/PSB/2022/4891-4895 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE.15(769)/ PSB/2022/4886-4890 dated 22.06.2022 issued for FY 2019-20 noted that during FY 2017-18, the school has transferred assets amounting to INR 54,21,249 from assets purchased from general fund to assets purchased from development fund, Along with furniture, fixtures and equipment, the school has transferred certain assets such as library books, intangible assets, construction of 3D lab and Science lab, which is in contravention of the above-mentioned provisions since development fund can be utilized only towards purchase, upgradation and replacement of furniture, fixture and equipment. On review of audited financial statements for FY 2019-20 to 2021-22, similar observation is again noted. Therefore, the school is directed to ensure the compliance of clause 14 of order dated 11.02.2009.

The Directorate's Order No. F.DE. 15(770)/PSB/2022/4891-4895 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE.15(769)/ PSB/2022/4886-4890 dated 22.06.2022 issued for FY 2019-20 noted that the school did not transfer an amount equivalent to the depreciation on assets from the "Development Fund Utilised" to the Income and Expenditure Account as income, which is required as per the accounting treatment as indicated in the guidance note cited above. However, from FY 2019-20 onwards the school has followed the requirements of Para 99 of Guidance Note 21 issued by the ICAI.

Further, Directorate's Order No. F.DE. 15(770)/PSB/2022/4891-4895 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE.15(769)/ PSB/2022/4886-4890 dated 22.06.2022 issued for FY 2019-20 noted that during FY 2017-18 and FY 2018-19, the school reflected purchase of fixed assets totaling to INR 39,29,794 and INR 33,13,443 respectively by utilizing depreciation reserve fund. During FY 2020-21 also, the school has utilized Depreciation Reserve Fund for purchase of fixed assets amounting to INR 1,11,495. Since Depreciation reserve is a notional fund, which is not represented with actual funds. Thus, the school can't utilize depreciation reserve for purchase of assets. Accordingly, the school is directed to make corrections with respect to depreciation reserve fund in its financial statements.

Further, Directorate's Order No. F.DE. 15(770)/PSB/2022/4891-4895 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE.15(769)/ PSB/2022/4886-4890 dated 22.06.2022 issued for FY 2019-20 noted that the depreciation reserve indicated in the Balance Sheet did not reconcile with the accumulated depreciation presented in the fixed assets schedule.

Similar observations were also noted on review of audited financial statements for FY 2019-20 to 2021-22. Differences based on the financial statements of FY 2021-22 is derived as under:

Particulars	**Amount (INR)**
Depreciation Reserve Utilized (A)	1,00,39,815
Depreciation Reserve Unutilized (B)	1,14,33,168
Total Depreciation Reserve as on 31 Mar 2022 (C)=(A+B)	**2,14,72,982**
Depreciation Reserve as on 31 Mar 2022 reported in Schedule of Fixed Assets (Normal Assets) (D)	78,72,764
Depreciation Reserve as on 31 Mar 2022 reported in Schedule of Fixed Assets purchased out of Development Fund (E)	1,34,08,496
Total Depreciation Reserve as on 31 Mar 2022 per Fixed Assets Schedule (F)=(D+E)	**2,12,81,260**
Difference (G)=(C-F)	**1,91,722**

Also, it was noted that there were two schedules of fixed assets one was fixed assets purchased (other than development fund) and one for fixed assets purchased from development fund. The school did not segregate the assets included in the fixed assets (other than development fund), which were purchased from depreciation reserve and presented these assets along with assets purchased from general fund.

Accordingly, the school is again directed to follow correct accounting treatment regarding development fund and depreciation reserve and ensure that development fund is utilised only towards purchase of furniture, fixture and equipment and depreciation reserve is maintained equivalent to the amount of depreciation charged in the revenue accounts.

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 **INR 6,00,96,985** out of which cash outflow in the FY 2022-23 is estimated to be **INR 6,18,94,300.** This results in deficit of **INR 17,97,315** 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	32,78,570
Investments as on 31.03.22 as per Audited Financial Statements	5,12,813
Liquid Funds as on 31.03.2022	37,91,383
Add: Recovery from the society for utilisation of funds on building (Refer Financial Suggestion No. 1)	1,34,64,574
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	4,07,78,658
Add: Other Income for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	1,36,041
Add: Additional Income of Annual Charges and Development Fund (Refer Note 4 Below)	16,80,724
Add: Additional Fees due to increase in fee @15% from 01.07.2022 (Refer Noe 5 Below)	43,45,549
Less: Arrears of Annual Charges and Development Charges of FY 2020-21 collected in FY 2021-22 (Refer Note 3 Below)	33,83,631
Total Available Funds for FY 2022-23	**6,08,13,298**
Less: Fixed Deposit in the joint name of Secretary CBSE and Manager of the school (Refer Note 1 Below)	5,12,813
Less: Caution Money (Refer Other Observation No. 2)	2,03,500
Net Available Funds for FY 2022-23 (A)	**6,00,96,985**
Less: Budgeted expenses for the session 2022-23 (Refer Note 6 Below)	**6,18,94,300**
Less: Salary Arrears of 7th CPC (Refer Note 7 Below)	-
Total Estimated Expenditure for FY 2022-23 (B)	**6,18,94,300**
Net Deficit (A-B)	**17,97,315**

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 Secretary, CBSE and Manager of the school	5,12,813	Deducted while calculating available funds of the school.
Total	**5,12,813**	

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
Arrears of Annual Charges and Development Charges (as per school's submission)	33,83,631
Total	**33,83,631**

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 annual charges and development fees have 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	2,74,22,275	2,74,22,275	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 16,80,724 has been considered.
Annual Charges	46,13,960	54,28,188	
Development Charges	49,10,142	57,76,638	
Total	**3,69,46,377**	**3,86,27,101**	

Note 5: The school was allowed to increase fee 7% vide Order No. F.DE. 15(770)/PSB/2022/4891-4895 dated 22.06.2022 issued for FY 2018-19 and 8% vide Order No. F.DE.15(769)/ PSB/2022/4886-4890 dated 22.06.2022 issued for FY 2019-20 from 1st July, 2022. School has submitted that it has increased the fee @15% 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 @15% for 9 months)
Tuition fees	2,74,22,275	-	2,74,22,275	3,05,07,281
Annual Charges	46,13,960	8,14,228	54,28,188	60,38,859
Development Fee	49,10,142	8,66,496	57,76,638	64,26,509
Total	**3,69,46,377**	**16,80,724**	**3,86,27,101**	**4,29,72,650**
Impact of fee increase				**43,45,549**

Note 6: All budgeted expenditure proposed by the school amounting to INR 8,07,94,300 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
Gratuity	30,00,000	30,00,000	Refer Financial Suggestion No. 2
Reserve for 4 months' salary	35,96,000	35,96,000	The school does not have investment equivalent to salary reserve; hence the proposed amount has not been considered while deriving fund position of the school
Depreciation	41,60,000	41,60,000	Depreciation being non-cash expenditure, has not been considered in the calculation of funds availability position of the school.
Lift	12,00,000	12,00,000	Lift is part of the building and thus, the cost of the same should be borne by the society.
Transport expenses	12,39,000	12,39,000	Neither Income nor expense has

Head of Expenditure	2022-23 (in INR)	Amount disallowed (in INR)	Remarks
Technology & Activity Expenses	57,05,000	57,05,000	been considered on the assumption that earmarked levies are collected on no profit no loss basis
Total	**1,89,00,000**	**1,89,00,000**	

Note 7: 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(770)/PSB/2022/4891-4895 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE.15(769)/ PSB/2022/4886-4890 dated 22.06.2022 issued for FY 2019-20, the School was directed to implement the recommendations of 7th CPC for payment of salaries and even allowed the amount of arrears claimed by them at that time and basis that had allowed the school to increase the fee by 15%. However, the school has yet to implement the recommendations of 7th CPC and even not paying salaries at full scale of 7th CPC. Moreover, school has not budgeted the amount of salary arrears due to be paid in the budgeted receipts and payments account for FY 2022-23 and furnished the details of salary arrears which was already allowed to them in the previous fee increase order. In view of the above, since arrears have already been allowed to them in the previous orders with the direction to implement the recommendations of 7th CPC, the same need not to be considered again.

Thus, the school is again directed to comply with the provisions of section 10 of the DSEA, 1973 and to release salaries accordingly. A strict action against the school would be initiated u/s 24(3) of DSEA, 1973 for non-compliance with the direction cited above.

ii. In view of the above examination, it is evident that the school does not have adequate funds for meeting all the operational expenditure for the academic session 2022-23. 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&R 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 1,34,64,574 in contravention of Rule 177 and other provisions of DSEA&R, 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, considering the financial situation and existing deficiencies and keeping in view that salary and other employee's benefits can be paid to the teachers and staff smoothly, the fee hike is allowed to the school with the suggestions for improvement. Further, school is hereby directed that the additional income received on account of increase fee should be utilized at first instance only for payment of salary and salary arrears and submit the compliance report within 30 days from the date of issue of the order.

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 5% 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 **The Baptist Convent School, CGHS Complex, I.P. Extension, Patparganj, Delhi-110092 (School Id: 1002347)** 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 5% 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 5% 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
The Baptist Convent School,
CGHS Complex, I.P. Extension, Patparganj,
Delhi-110092 (School Id: 1002347)

No. F.DE.15 (1571)/PSB/2023 / 8258-8262 Dated: 25/09/23

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