

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

No. F.DE.15 (1566)/PSB/2023/ 8233-8237
Order

Dated: 25/09/23

WHEREAS, Nav Bharti Public School, Deepali, Pitampura, New Delhi-110034 (School Id- 1411200) (hereinafter referred to as "the School"), run by the Bharti Education Society (Regd.) (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 DSEAR, 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 11th July 2023 to present its justifications/clarifications on fee increase proposal including audited financial statements and based on the discussion, the 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/(765)/PSB/2022/4866-4870 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(764)/PSB/2022/4861-4865 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. 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..... capital expenditure/investments have to come from savings"*.

The Directorate in its Order No. F.DE. 15/(765)/PSB/2022/4866-4870 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(764)/PSB/2022/4861-4865 dated 22.06.2022 issued for FY 2019-20, directed the school to ensure that the transport vehicles are procured only from the transport fund and not from school funds unless savings are derived in accordance with Rule 177.

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that transport fee has not seemed adequate to cover revenue (operating) expenses for providing the transport service to students. The interest on loan taken for purchase of buses, thus been paid out of other heads of fee or school funds except transport fee.

Since the additional burden met out of school funds (fee collected from students), should not have been paid from school funds. Earmarked levies in the form of transport fee are to be charged on no-profit no-loss basis and the school has not been able to recover the cost of buses, being paid in instalments, from the transport fee collected from students indicating that the school has shifted the burden of capital cost and interest thereon from all students of the school, who are not even availing the transport service. The school is again directed to ensure that transport vehicles are procured only from the transport fund and not from school funds unless savings are derived in accordance with Rule 177.

2. 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, according to para 7.14 of the Accounting Standard 15 "*Plan assets comprise:*

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

The Directorate in its Order No. F.DE. 15/(765)/PSB/2022/4866-4870 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(764)/PSB/2022/4861-4865 dated 22.06.2022 issued for FY 2019-20, directed the school to submit complete and accurate details of staff to the actuary for deriving actuarial liability towards gratuity. Also, the school was directed to obtain actuarial valuation for determining its liability towards leave encashment and start depositing amount in investments that qualify as 'plan-assets' to secure funds towards leave encashment in group leave encashment scheme of LIC or other insurer.

On review of the audited financial statements for FY 2021-22, it is noted that the school has made a total provision of INR 1,71,10,806 towards gratuity as on 31 Mar 2022 in accordance with the actuarial valuation report dated 27.06.2022 obtained by the school for measuring its liability towards gratuity as on 31.03.2022. Though the school has obtained actuarial valuation towards gratuity, it has not deposited any amount in investments that qualify as plan assets (i.e. group gratuity and leave encashment policies of LIC or other insurer) to earmark funds towards statutory liability of staff gratuity. Also, the school had not made provision for leave encashment and has not obtained actuarial valuation for liability towards leave encashment.

Therefore, the school is directed to obtain actuarial valuation report for leave encashment liability and make provision for leave encashment in its books of accounts. 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. 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."*

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 incurrance 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."*

As per Order No. F.DE-15/ACT-I/WPC-4109/Part/13/7905-7913 dated 16 Apr 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 67 (ii) of the Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India states *"The financial statements should disclose, inter alia, the historical cost of fixed assets."*

The Directorate in its Order No. F.DE.15(213)/PSB/2019/1160-1164 dated 29 Mar 2019 issued for FY 2017-18, Order No. F.DE. 15/(765)/PSB/2022/4866-4870 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(764)/PSB/2022/4861-4865 dated 22.06.2022 issued for FY 2019-20, directed the school to ensure that development fund balance reported in the financial statements must be represented by actual funds in bank account or fixed deposits earmarked towards development fund.

On review of financial statements for the FY 2019-20 to FY 2021-22, it is noted that the school has utilised development fund for payment of salaries amounting to INR 29,71,183, INR 4,15,807 and INR 10,74,983 respectively and has transferred the above amounts from development fund account to General fund account which is in contravention of clause 14 of the order dated 11.02.2009.

Also, the Directorate's Order No. F.DE. 15/(765)/PSB/2022/4866-4870 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(764)/PSB/2022/4861-4865 dated 22.06.2022 issued for FY 2019-20, noted that the school took unsecured loan during FY 2018-2019 from certain persons (relationship of whom with the school was not disclosed by the school) and the

outstanding balance of these unsecured loan was higher than the amount of funds available with the school as on 31.03.2019. However, during FY 2019-20 to 2021-22, the school has repaid unsecured loan thereby the balance of unsecured loan outstanding as on 31.03.2022 was INR 43,000 only. It was also stated that the amount of depreciation reserve reported by the school on the face of Balance Sheet as on 31.03.2019 was different from the accumulated depreciation presented in the fixed assets schedule annexed with the said Balance Sheet.

On review of audited financial statements for FY 2019-20 to 2021-22, the school has rectified the balance of depreciation reserve fund on the face of the balance sheet during FY 2021-22. Amount of depreciation reserve fund reported on the face of Balance Sheet as on 31.03.2022 as well as according to the schedules of fixed assets enclosed is same. The school is directed to ensure that all the related party transactions are duly disclosed in the financial statements as prescribed in the Guidance Note 21. Also, school need to ensure utilization of development fund in accordance with clause 14 of the order dated 11.02.2009 and para 99 of the GN 21 within 30 days from the date of issue of the order. The compliance shall be verified at the evaluation of next fee proposal of the school.

B. Other Suggestions for Improvement

1. As per Appendix II to Rule 180(1) of DSER, 1973, the school is required to submit final accounts i.e. receipts and payment account, income and expenditure account and balance sheet of the preceding year duly audited by a Chartered Accountant by 31st July.

Para 1 of Standard on Auditing (SA) 700 (Revised) – ‘Forming an Opinion and Reporting on Financial Statements’ notified by the Institute of Chartered Accountants of India states “*This Standard on Auditing (SA) deals with the auditor’s responsibility to form an opinion on the financial statements. It also deals with the form and content of the auditor’s report issued as a result of an audit of financial statements.*”

SA 700 also include formats for issuing audit opinions on the financial statements by practicing Chartered Accountants (CA).

The Directorate in its Order No. F.DE. 15/(765)/PSB/2022/4866-4870 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(764)/PSB/2022/4861-4865 dated 22.06.2022 issued for FY 2019-20, directed the school to ensure that the audit opinions issued on its final accounts by practicing Chartered Accountant must comply with the requirements enunciated by The Institute of Chartered Accountants of India.

During FY 2019-20 to 2021-22, it is noted that audit report issued by the CA on the financial statements of the school were not as per the format prescribed in the SA 700 instead the CA certified the true and fair view at the end of the Balance Sheet and Income and Expenditure Account in format prescribed in the Income Tax Act for societies and trusts.

Accordingly, the school is directed to ensure that the audit opinions issued on its future final accounts by practicing Chartered Accountant must comply with the requirements enunciated by their regulatory body i.e. The Institute of Chartered Accountants of India.

2. The Directorate in its Order No. F.DE. 15/(765)/PSB/2022/4866-4870 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(764)/PSB/2022/4861-4865 dated 22.06.2022 issued

for FY 2019-20, directed the school to ensure that the entire set of financial statements (all pages including Schedules and Receipt and Payment Account) must be signed or initialled (as appropriate) by two representatives of the school authorised in this regard as per Bye laws or other governing documents.

On examination of the financial statements submitted by the school, it was noted that the entire set of financial statements (all pages including Schedules) are signed or initialled (as appropriate) by two representatives of the school authorised in this regard as per Bye laws or other governing documents except the Receipt and Payment Account which was not provided by the school. Accordingly, the school is directed to provide signed Receipt and payment account for FY 2019-20 to 2021-22. The compliance of the above shall be viewed at the time of evaluation of fee increase proposal of subsequent year.

3. 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, the Hon'ble Supreme Court through its 2004 judgement in the case of Modern School Vs Union of India and Others directed all recognised unaided schools of Delhi to maintain the accounts on the principles of accounting applicable to non-business organizations/not-for-profit organizations. Earmarked levies collected from students are a form of restricted funds, since these can be utilised only for the purposes for which these have been collected, and according to Guidance Note on Accounting by Schools issued by the Institute of Chartered Accountants of India, the financial statements should reflect income, expenses, assets and liabilities in respect of such funds separately.

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).

The Directorate in its Order No. Order No. F.DE. 15(765/PSB/2022/4866-4870 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE. 15(764)/PSB/2022/4861-4865 dated 22.06.2022 issued for FY 2019-20 noted that the school has not maintained separate funds accounts for Smart Class charges and Science & Computer Fee. Also, the school has maintained Transport Fund but has not routed Transport Fee and Transport Expenses to Income & Expenditure account.

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school is charging earmarked levies in the form of Transport charges, Smart Class charges and Science & Computer Fee from students. From FY 2021-22 onwards, the school is maintaining separate fund accounts for Transport charges, Smart Class charges and Science & Computer Fee but the school 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 [^]	Smart Class Fees	Science & Computer Fees
For the year 2019-20			
Fee Collected during the year (A)	15,99,350	8,27,220	98,780
Expenses during the year (B)	20,46,389	9,52,668	49,803
Difference for the year (A-B)	-4,47,039	-1,25,448	48,977
For the year 2020-21			
Fee Collected during the year (A)	-	68,075	81,245
Expenses during the year (B)	2,71,613	2,07,982	32,788
Difference for the year (A-B)	-2,71,613	-1,39,907	48,457
For the year 2021-22			
Fee Collected during the year (A)	-	-	69,000
Expenses during the year (B)	2,38,225	1,65,000	75,696
Difference for the year (A-B)	-2,38,225	-1,65,000	-6,696

[^] The school has not apportioned depreciation on vehicles used for transportation of students in the expenses stated in table above for creating fund for replacement of vehicles, which should have been done to ensure that the cost of vehicles is apportioned to the students using the transport facility during the life of the vehicles.

Unintentional surplus/deficit, if any, generated from earmarked levies must 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.

The Directorate in its Order No. F.DE. 15/(765)/PSB/2022/4866-4870 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(764)/PSB/2022/4861-4865 dated 22.06.2022 issued for FY 2019-20, directed the school not to transfer the financial impact (i.e. deficit from transport facility) from the inefficient operation of transport facility to students not availing transport facility i.e. it must not adjust the deficit from school funds. Also, the school was directed to operate transport facility on strict no-profit no-loss basis.

On review of the audited financial statements, it is noted that the school has not collected transport fee during FY 2020-21 and 2021-22 due to pandemic and has adjusted the accumulated deficit of transport fund from the school funds during FY 2021-22 thereby operating transport facility at deficit. The school should not transfer the financial impact (i.e. deficit from transport facility) from the inefficient operation of transport facility to students not availing transport facility i.e. it must not adjust the deficit from school funds. Accordingly, the school is again directed to re-evaluate transport expenses incurred by it and optimise the same for matching it with income generated from transport facility. Also, the school is directed to operate transport facility on strict no-profit no-loss basis.

Further, 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 Directorate in its Order No. F.DE. 15(213)/PSB /2019/1160-1164 dated 29.03.2019 issued for FY 2017-18, Directorate Order No. F.DE. 15/(765)/PSB/2022/4866-4870 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(764)/PSB/2022/4861-4865 dated 22.06.2022 issued for FY 2019-20 directed the school to stop the collection of smart class fee. However, the school is charging smart class fees from the students of all classes during FY 2019-20 to 2021-22 also. The fee charged from all students loses its character of earmarked levy, being a non-user-based fees. Thus, based on the nature of the smart class fees and details provided by the school in relation to expenses incurred against the same, the school should not charge such fee as earmarked fee with immediate effect and should incur the expenses relating to these from tuition fee or annual charges, as applicable.

4. The Directorate in its Order No. F.DE. 15(765)/PSB/2022/4866-4870 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE. 15(764)/PSB/2022/4861-4865 dated 22.06.2022 issued for FY 2019-20, noted the differences in the fee collection reported by the school during FY 2018-19 in its Income & Expenditure Account/ Receipt and Payment and amount of fee arrived/computed as per the details provided by the school.

Following were the differences based on the computation of FY 2018-19:

Particulars	Income reported in Income & Expenditure Account (A)	Fee computed based on details no. of students provided by the school (B)	Derived Difference (C)=(A-B)	Derived% Difference (D)=(C/B* 100)
Development Fee	16,08,570	15,64,620	43,950	2.81%
Annual Fee	9,99,990	10,48,850	(48,860)	(4.66%)

Particulars	Income reported in Income & Expenditure Account (A)	Fee computed based on details no. of students provided by the school (B)	Derived Difference (C)=(A-B)	Derived% Difference (D)=(C/B*100)
Smart Class Fee	8,49,660	8,26,200	23,460	2.84%

In view of the above, the school is directed to perform a detailed reconciliation of the amount collected from students and income to be recognised based on the fee structure and number of students enrolled by the school and submit the same along with its subsequent fee increase proposal. The compliance of the above shall be viewed at the time of evaluation of fee increase proposal of the subsequent period.

5. The Directorate in its Order No. F.DE. 15(765/PSB/2022/4866-4870 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE. 15(764)/PSB/2022/4861-4865 dated 22.06.2022 issued for FY 2019-20, noted that the school was not complying with the DOE Order No. F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 and condition mentioned at S. No. 18 in the land allotment letter which provides for 25% reservation to children belonging to EWS category.

As per school's submission, the details of EWS students and total number of students are as follows:

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Total No. of Students	448	374	340
No. of EWS students	42	42	42
% of EWS students to Total Students	9.38%	11.23%	12.35%

As per table above, it can be noted that the school has not been complying with the directions of the Directorate and conditions of land allotment letter. Therefore, the concerned DDE (District) is requested to look into this matter and ensure compliance with the above directions.

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 2022-23 amounting to INR **1,52,54,396** out of which cash outflow in the year 2022-23 is estimated to be INR **1,62,81,447**. This results in net deficit of INR **10,27,051**. The details are as follows:

Particulars	Amount (in INR)
Cash and Bank balances as on 31.03.22 as per Audited Financial Statements	12,82,265
Investments as on 31.03.22 as per Audited Financial Statements	35,04,543
Liquid Funds as on 31.03.2022	47,86,808
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 2 Below)	1,01,84,612
Add: Other Income for FY 2021-22 as per Audited Financial	3,74,063

Particulars	Amount (in INR)
Statements (Refer Note 2 Below)	
<u>Add:</u> Additional Income of Annual Charges and Development Fund (Refer Note 4 Below)	3,57,722
<u>Add:</u> Additional Fees due to increase in fee @15% from 01.07.2022 (Refer Note 5 Below)	12,84,347
<u>Less:</u> Arrears of Annual Charges and Development Charges of FY 2020-21 collected in FY 2021-22 (Refer Note 3 Below)	6,44,049
Total Available Funds for FY 2022-23	1,63,43,504
<u>Less:</u> FDR held jointly with DOE as per audited balance sheet as on 31.03.2022 (Refer Note 1 Below)	5,04,259
<u>Less:</u> Development Fund Bank Balance as on 31.03.2022	5,41,849
<u>Less:</u> Unsecured loan as on 31.03.2022	43,000
Net Available Funds for FY 2022-23 (A)	1,52,54,396
<u>Less:</u> Budgeted expenses for the session 2022-23 (Refer Note 6 and 7 Below)	1,62,81,447
Total Estimated Expenditure for FY 2022-23 (B)	1,62,81,447
Net Deficit (A-B)	10,27,051

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 Dy Director Education and Manager of the school	5,04,259	Deducted while calculating available funds of the school.
Total	5,04,259	

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	2,34,612
Development Fee	4,09,437
Total	6,44,049

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 100% of the tuition fees and 85% of the annual charges and development fees 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 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	90,31,605	90,31,605	As per the 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 3,57,722 has been considered.
Annual Charges	7,06,300	8,30,941	
Development Charges	13,20,794	15,53,875	
Total	1,10,58,699	1,14,16,421	

Note 5: The school was allowed to increase fee 7% vide Directorate Order No. F.DE. 15/(765)/PSB/2022/4866-4870 dated 22.06.2022 issued for FY 2018-19 and 8% vide Order No. F.DE. 15/(764)/PSB/2022/4861-4865 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	90,31,605	-	90,31,605	1,00,47,661
Annual Charges	7,06,300	1,24,641	8,30,941	9,24,422
Development Fee	13,20,794	2,33,081	15,53,875	17,28,686
Total	1,10,58,699	3,57,722	1,14,16,421	1,27,00,769
Impact of fee increase				12,84,347

Note 6: All budgeted expenditure proposed by the school amounting to INR 8,50,20,462 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 - Teaching and Non-teaching staff	18,855,741	8,709,846	Restricted to 130% of expenditure incurred in FY 2021-22.
Salary Arrears	54,705,779	54,705,779	Refer Note 7 Below
Housekeeping Expenses	432,949	265,227	Restricted to 110% of expenditure incurred in FY 2021-22.
Electricity & Water Expenses	393,639	169,470	
Legal & Professional Expenses	411,867	184,434	
Depreciation	357,513	357,513	Depreciation being non-cash expenditure, has not been considered in the calculation of funds availability position of the school.
Smart Class Expenses	1,024,475	1,024,475	Neither Income nor expense has been considered in the calculation of funds availability position of the school.
Transport expenses	2,050,958	2,050,958	
Capital Expenditure	30,00,000	1,271,314	Restricted to development fee expected to be received in FY 2022-23
Total	8,12,32,921	6,87,39,015	

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.

As per school's reply during hearing, it was held that the school has not implemented 7th CPC recommendations. Also, salary arrears for the period 01.01.2016 to 31.03.2019 amounting to INR 2,16,62,543 has already been considered in the Directorate's Order No. F.DE. 15/(765)/PSB/2022/4866-4870 dated 22.06.2022 issued for FY 2018-19 and Order No. F.DE. 15/(764)/PSB/2022/4861-4865 dated 22.06.2022 issued for FY 2019-20. Therefore, salary arrears proposed in the budget for FY 2022-23 amounting to INR 5,47,05,779 has not been considered while evaluating the funds availability position of the school.

- 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, 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, 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 9% 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 **Nav Bharti Public School, Deepali, Pitampura, New Delhi-110034 (School Id- 1411200)** 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 9% 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 9% 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
Nav Bharti Public School
Deepali, Pitampura
New Delhi-110034 (School Id- 1411200)

No. F.DE.15 (1566)/PSB/2023 / 8233-8237

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



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