

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

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No. F.DE.15 (1591) / PSB / 2023 / 8887-8891

Dated: 18/10/23

**ORDER**

WHEREAS, **Rockfield Public School, Sector-16, Rohini, Delhi-110085, (School ID-1413197)** (hereinafter referred to as “**the School**”), run by the **Rockfield Educational 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 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 09<sup>th</sup> May 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/(599)/PSB/2022/3544-3548 dated 25.05.2022 issued for FY 2018-19 and Order No.

F.DE.15/(598)/PSB/2022/3549-3553 dated 25.05.2022 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 Clause 14 of Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009 *“Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up-gradation and replacement of furniture, fixtures and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund, will be kept in a separately maintained Development Fund Account.”*

Further, as per clause 2 of 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 Feb 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. And the aforesaid 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 aforesaid provisions, 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 not from the

school funds. Thus, school is directed to recover INR.20,91,238 incurred by it for construction of badminton court etc. within 30 days from the date of issue of the order.

The Directorate's Order No. F.DE. 15(229)/PSB/2019/1215-1219 dated 29.03.2019 issued for FY 2017-18, Order No. F.DE. 15/(599)/PSB/2022/3544-3548 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(598)/PSB/2022/3549-3553 dated 25.05.2022 issued for FY 2019-20 directed the school to recover INR 22,26,121 from the society towards utilisation of development fund for construction of building during FY 2016-17. However, the recovery is still pending.

The school in its compliance report has mentioned that the said capital expenditure is not on the construction of building but only the on renovation of the school. Since the above expenditure was capitalised in the financial statements and the auditor has certified the nature of expense therefore the contention of the school cannot be considered as valid and justified.

Accordingly, the capital expenditure for construction of school building of INR 22,26,121 has been added to the funds position of the school with the direction to recover this amount from the society within 30 days from the date of issue of the order.

2. 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.*"

As per clause 14 of the order dated 11.02.2009, development fund can only be utilized for the purchase, upgrade and replacement of furniture fixture and equipment and not for any other purpose. Further, Rule 177 of DSER, 1973 states "*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.....*"

The Directorate in its Order No. F.DE.15(229)/PSB/2019/1215-1219 dated 29.03.2019 issued for FY 2017-18, noted that the school purchased a car (Honda City) for INR 10,75,000 during the FY 2014-15 out of the development fund. Further, the school was directed to recover INR 10,75,000 from the society vide Directorate's Order No. F.DE.15(229)/PSB/2019/1215-1219 dated 29.03.2019 issued for FY 2017-18, Order No. F.DE. 15/(599)/PSB/2022/3544-3548 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(598)/PSB/2022/3549-3553 dated 25.05.2022 issued for FY 2019-20. However, the recovery is still pending.

Therefore, the amount spent by the school of INR 10,75,000 for purchase of car has been added to the funds position of the school with the direction to recover this amount from the society within 30 days from the date of issue of the order.

3. 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.

Further, as per 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 define 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.*

The Directorate in its Order No. F.DE.15/(599)/PSB/2022/3544-3548 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(598)/PSB/2022/3549-3553 dated 25.05.2022 issued for FY 2019-20 directed the school to make investment in plan assets equivalent to the provision for gratuity and leave encashment.

On review of audited financial statement for FY 2021-22, it is noted that the school has total liability for retirement benefit (gratuity and leave encashment) is INR 2,48,49,215 as on 31.03.2022 against which the school has investment of INR 8,41,452 with LIC. This investment with LIC of INR 8,41,452 is considered as investment in plan asset within the meaning of AS-15 while deriving the fund position of the school. Accordingly, the amount proposed by the school towards provision for gratuity of INR 30,00,000 in its budget for FY 2022-23 has not been considered while deriving the fund position of the school.

Therefore, the school is again 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.

4. As per Clause 14 of Order No. F.DE./15 (56)/ Act/2009/778 dated 11 Feb 2009 *“Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up-gradation and replacement of furniture, fixtures and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining a Depreciation Reserve Fund, equivalent to the depreciation charged in the revenue accounts and the collection under this head along with and income generated from the investment made out of this fund, will be kept in a separately maintained Development Fund Account.”*

Further, Para 99 of Guidance Note on Accounting by Schools (2005) issued by the Institute of Chartered Accountants of India 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 abovementioned Guidance Note states "In respect of funds, schools should disclose the following in the schedules/notes to accounts:

- a) In respect of each major fund, opening balance, additions during the period, deductions/utilization during the period and balance at the end,)
- b) Assets, such as investments, and liabilities belonging to each fund separately
- c) Restrictions, if any, on the utilization of each fund balanced)
- d) Restrictions, if any, on the utilization of specific assets. "

The Directorate in its Order No. F.DE.15(229)/PSB/2019/1215-1219 dated 29.03.2019 issued for FY 2017-18, Order No. F.DE.15/(599)/PSB/2022/3544-3548 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(598)/PSB/2022/3549-3553 dated 25.05.2022 issued for FY 2019-20 directed the school to rectify its accounting treatment with respect to the Guidance Note-21 issued by ICAI.

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school has not charged depreciation on the assets in line with above-mentioned provisions. Also, upon utilization of development fund, the school has transferred this to general fund instead of creating separate development fund utilization account. Further, the school has created depreciation reserve fund out of the development fund account and has purchased assets out of depreciation reserve fund account during FY 2018-19 and FY 2019-20 which is not in accordance with the above-mentioned provisions.

In view of the above, the balance of general fund, development fund and depreciation reserve account have not been prepared and disclosed correctly in the audited financial statements. Accordingly, the school is again directed to rectify its accounting treatment with respect to the utilization of development fee, creation and writing off of development fund utilized account and disclosure of depreciation reserve fund account with the amount of depreciation charged to income and expenditure account.

5. The order dated 19.01.2016 issued by the Hon'ble High Court of Delhi, every recognized unaided school to whom land was allotted by DDA shall not increase the rate of fees without the prior sanction of Director, Education. Further, as per the directions of Supreme Court in *Modern School vs. Union of India & ANR* (supra), a Circular dated 16.04.2016 has been issued reiterating as under:
  - i. It is reiterated that annual fee-hike is not mandatory.
  - ii. School shall not introduce any new head of account or collect any fee thereof other than those permitted. Fee/funds collected from the parents/students shall be utilized strictly in accordance with rules 176 and 177 of the Delhi School Education Rules, 1973.
  - iii. If any school has collected fee in excess of that determined as per the procedure prescribed, the school shall refund/adjust the same against subsequent instalments of fee payable by students.

Also, Clause no. 17 of the Letter of Allotment of Land issued by DDA states that "The school shall not increase the rates of tuition fee without prior sanction of the Directorate of

*Education, Delhi Admn. and shall follow provisions of Delhi School Education Act/ Rules, 1973 and other instructions issued from time to time."*

The Directorate's Order No. F.DE.15(229)/PSB/2019/1215-1219 dated 29.03.2019 issued for FY 2017-18, Order No. F.DE. 15/(599)/PSB/2022/ 3544-3548 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(598)/PSB/2022/ 3549-3553 dated 25.05.2022 issued for FY 2019-20 noted that the school had increased its fees during the FY 2016-17 without getting prior approval of the Director (Education) while the fee increase proposal filed by the school was rejected by the Director (Education) with the direction that in case the school has already increased the fee, the same need to be refunded/adjusted.

However, school has neither refunded/ adjusted the increase fee and has been continually charging the, increased fee from the students nor the school has submitted the amount of increased fee collected during these years. In the absence of the detailed information no impact has been considered while deriving the fund position of the school.

On review of fee structure of the school for FY 2019-20 to 2021-22, it is noted that the school has increase tuition fee in year 2020-21 of following classes without obtaining prior approval of Directorate.

Class	FY 2019-20	FY 2020-21	FY 2021-22
II	2,990	3,250	3,250
III	2,990	2,990	3,250
VIII	2,380	2,990	2,990
IX	2,340	2,380	2,990
X	2,220	2,340	2,410

Accordingly, the school is again directed to refund/ adjust the increased fee to the students charged during the FY 2016-17 to 2021-22 and submit the evidence of the same to the Directorate within 30 days from the date of issue of the order and not to increase any fee of any class without prior approval of the Directorate.

6. As per rule 100 of DSEAR, 1973 the minimum qualification for appointment for the post other than that of teacher in a school whether aided or not corresponds to any post in the government school, the minimum qualifications for recruitment to such post shall be such as has been specified for such corresponding post in the government school.

Therefore, in view of the above provisions of the DSER, 1973 the post on which the recruitment can be done in the private unaided recognised school must be for the corresponding posts which exists in government and government-aided schools under DoE. It is pertinent to mention that the recruitment can be done on the designated post as per recruitment rules of the employees of the recognized private schools which are notified by the administrator and if no recruitment rules are framed by the administrator for the posts then the rules which are notified for the corresponding post existing in the government and government-aided schools shall prevail in private schools and the recruitment shall be strictly done accordingly by the selection committee within the provisions of Rule 96 of

DSER 1973.

Therefore, the recruitment as per provision of the DSEAR, 1973 prescribed for various posts in the school, but does not include any position for Manager/ Director. Accordingly, the appointment of the staff beyond the prescribed position is in contravention of the prescribes rules for various posts in the school.

The Directorate in its Order No. F.DE. 15/(599)/PSB/2022/ 3544-3548 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(598)/PSB/2022/ 3549-3553 dated 25.05.2022 issued for FY 2019-20 noted that the school has appointed Deepak Malik as Managing Director of the School w.e.f. 01.07.1997 on a fixed remuneration basis) which is not in accordance with the above-mentioned provisions as the post of managing direction has not been specified in the Recruitment Rules. The details of the salary paid to the Managing Director during FY 2016-17 to 2021-22 is provided below:

Particulars	Gross Salary (Monthly)	Gross Salary (Yearly)
FY 2016-17	82,500	9,90,000
FY 2017-18	82,500	9,90,000
FY 2018-19	86,625	10,39,500
FY 2019-20	86,625	10,39,500
FY 2020-21	1,33,500	16,02,000
FY 2021-22	1,33,500	16,02,000
<b>Total</b>		<b>72,63,000</b>

Accordingly, the amount paid to managing director totaling to INR 72,63,000 is recoverable from the managing director/ society and therefore, has been added to the fund position of the school with the direction to the school to recover this amount from the managing director/ society within 30 days from the date of issue of the order.

7. Rule 172 of DSER, 1973 states '*trust or society not to collect fees, etc. schools to grant receipts for fees, etc., collected by it.*
- (a) *No fee, contribution or other charge shall be collected from any student by the trust or society running any recognised school, whether aided or not.*
- (b) *Every fee, contribution or other charge collected from any student by a recognised school, whether aided or not, shall be collected in its own name and a proper receipt shall be granted by the school for every collection made by it"*

The Directorate in its Order No. F.DE. 15/(599)/PSB/2022/ 3544-3548 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(598)/PSB/2022/ 3549-3553 dated 25.05.2022 issued for FY 2019-20 noted that the society has received fees from the students in their bank account of INR 84,350 during FY 2016-17 and INR 1,55,286 during FY 2017-18 and the school was directed to recover INR 2,39,636 from the society. However, the recovery is still pending.



Accordingly, INR 2,39,636 has been 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 issue of the order.

**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 statement for FY 2019-20 to 2021-22, it is noted that the school charges earmarked levies in the name of Transport Charges and I.T. & I.P. Fee and the school have maintained fund-based accounting for Transport Charges only. However, the receipts and

expenditure against the Transport Charges are not routed through the income and expenditure account and the fund balance has been directly shown in the balance sheet. Further, 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. The details of surplus/deficit of earmarked levies during FY 2019-20 to 2021-22 are as under:

Particulars	Transport Fees	Smart class Fee
<b>For the year 2019-20</b>		
Fee Collected during the year (A)	24,64,140	23,75,400
Expenses during the year (B)	25,96,770	19,64,390
<b>Difference for the year (A-B)</b>	<b>-1,32,630</b>	<b>4,11,010</b>
<b>For the year 2020-21</b>		
Fee Collected during the year (A)	48,030	35,990
Expenses during the year (B)	79,807	2,29,392
<b>Difference for the year (A-B)</b>	<b>-31,777</b>	<b>-1,93,402</b>
<b>For the year 2021-22</b>		
Fee Collected during the year (A)	-	3,765
Expenses during the year (B)	1,86,904	-
<b>Difference for the year (A-B)</b>	<b>-1,86,904</b>	<b>3,765</b>

Similar observations were also noted in the Directorate's Order No. F.DE. 15/(599)/PSB/2022/3544-3548 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(598)/PSB/2022/3549-3553 dated 25.05.2022 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.

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

Further, Clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11 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.*”

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.”

Directorate’s Order No. F.DE. 15/(599)/PSB/2022/3544-3548 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(598)/PSB/2022/3549-3553 dated 25.05.2022 issued for FY 2019-20 directed the school to ensure compliance relating to refund of caution money along with interest to existing students and treatment of unclaimed caution money as income.

On review of audited financial statements for FY 2019-20 to 2021-22, it is noted that the school is not refunding interest along with caution money to students at the time of them leaving the school. Also, the school has not treated unclaimed caution money as the income of the school. Accordingly, the school is again directed to ensure compliance with clauses 3 and 4 of the order dated 09.09.2010 and clause 18 of the order dated 11.02.2009.

3. As per clause 103 on Related Party Disclosure, contained in Guidance Note 21 on ‘Accounting by Schools’, issued by the ICAI, there is a requirement that keeping in view the involvement of public funds, schools are required to disclose the transactions made in respect of related parties.

The Directorate in its Order No. F.DE. 15/(599)/PSB/2022/3544-3548 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(598)/PSB/2022/3549-3553 dated 25.05.2022 issued for

FY 2019-20 directed the school to disclose the related party transactions in its audited financial statements and provide such details in its compliance report.

However, the school in its compliance report has mentioned that the school shall comply with the direction of the Directorate in the subsequent financial statements. This has been considered and taken on record. Further, the school has not disclosed related party transactions in its audited financial statements for FY 2019-20 to 2021-22. The school should disclose related party transactions in its notes to accounts forming part of financial statements.

Therefore, the school is directed to disclose the related party transactions in compliance with Guidance Note 21 issued by ICAI.

4. It was 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.

Particulars	FY 2019-20	FY 2020-21	FY 2021-22
Total Students	1530	1504	1450
EWS Students	275	292	304
% of EWS students	18%	19%	21%

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 FY 2022-23 amounting to **INR 6,95,29,776** out of which cash outflow in the FY 2022-23 is estimated to be **INR 5,28,33,586**. This results in net surplus of **INR 1,66,96,190** 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	11,23,593
Investments as on 31.03.22 as per Audited Financial Statements	8,41,452
<b>Liquid Funds as on 31.03.2022</b>	<b>19,65,045</b>
Add: Recovery from the society for additions to building (Refer Financial Suggestion No. 1)	22,26,121
Add: Recovery from the society towards amount spent on purchase of car out of school funds (Refer Financial Suggestion No. 2)	10,75,000
Add: Recovery of salary paid to the Manager of the School (Refer Financial Suggestion No. 6)	72,63,000
Add: Recovery from the society against fee collected by it (Refer Financial Suggestion No. 7)	2,39,636

Particulars	Amount (in INR)
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 1 below)	4,42,88,869
Add: Other Income for FY 2021-22 as per Audited Financial Statements (Refer Note 1 below)	1,44,716
Add: Additional Income of Tuition fee, Annual Charges and Development Fund (Refer Note 3 below)	77,37,652
Add: Additional Fees due to increase in fee @15% from 01.07.2022 (Refer Note 4 below)	58,03,239
Less: Arrears of Annual Charges and Development Charges of FY 2020-21 collected in FY 2021-22 (Refer Note 2 below)	-
<b>Total Available Funds for FY 2022-23</b>	<b>7,07,43,278</b>
Less: Investment made with LIC against provision made for Gratuity Fund. (Refer Financial Suggestion No. 3)	8,41,452
Less: Caution Money (Refer Other suggestion No. 2)	3,72,050
<b>Net Available Funds for FY 2022-23 (A)</b>	<b>6,95,29,776</b>
Less: Budgeted expenses for the session 2022-23 (Refer Note 5 below)	5,28,33,586
Less: Salary Arrears of 7th CPC (Refer Note 6 below)	-
<b>Total Estimated Expenditure for FY 2022-23 (B)</b>	<b>5,28,33,586</b>
<b>Net Surplus (A-B)</b>	<b>1,66,96,190</b>

**Note 1:** 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 2:** As per school's reply, no arrears of annual charges and development fee for FY 2020-21 were collected in FY 2021-22.

**Note 3:** 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, 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	3,83,95,096	4,51,70,701	As per details provided by the school, Tuition Fee, Annual Charges and Development Charges collected in FY 2021-22 at the rate of 85% and thus, difference amount of INR 77,37,652 has been considered.
Annual Charges	31,59,005	37,16,476	
Development Charges	22,92,593	26,97,168	
<b>Total</b>	<b>4,38,46,694</b>	<b>5,15,84,346</b>	

**Note 4:** The school was allowed to increase fee 6% vide Order No. F.DE. 15/(599)/PSB/2022/3544-3548 dated 25.05.2022 issued for FY 2018-19 and 9% vide Order No. F.DE.15/(598)/PSB/2022/3549-3553 dated 25.05.2022 issued for FY 2019-20 from 1<sup>st</sup> July, 2022. School has submitted that it has increased the fee @15% from 1<sup>st</sup> 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	3,83,95,096	67,75,605	4,51,70,701	5,02,52,405
Annual Charges	31,59,005	5,57,471	37,16,476	41,34,580
Development Fee	22,92,593	4,04,575	26,97,168	30,00,600
<b>Total</b>	<b>4,38,46,694</b>	<b>77,37,652</b>	<b>5,15,84,346</b>	<b>5,73,87,585</b>
<b>Impact of fee increase</b>				<b>58,03,239</b>

**Note 5:** All budgeted expenditure proposed by the school amounting to INR 8,02,60,000 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 - Teaching and Non-teaching staff	5,00,00,000	1,04,05,093	Restricted to 130% of expenditure incurred in FY 2021-22.
Gratuity and Leave Encashment	30,00,000	30,00,000	Refer Financial Suggestion No. 3
Function and festivals	5,00,000	4,64,531	Restricted to 110% of the expenditure incurred in FY 2021-22
School Repair & Maintenance exp.	35,00,000	11,82,390	
EWS exp-cost of books & uniform	14,50,000	14,50,000	Neither Income nor expense has been considered
Smart class Fee	30,00,000	30,00,000	
Transport expenses	37,75,000	37,75,000	
Capital Expenditure	71,50,000	41,49,400	Restricted to development fee expected to be received in FY 2022-23
<b>Total</b>	<b>7,23,75,000</b>	<b>2,74,26,414</b>	

**Note 6:** 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, the school has submitted that the school has implemented 7<sup>th</sup> CPC recommendations w.e.f. 01.04.2019. Also, the salary arrears of INR 1,26,99,262 for the period 01.01.2016 to 31.03.2018 has already been provided to the school vide Order No. F.DE. 15/(599)/PSB/2022/3544-3548 dated 25.05.2022 issued for FY 2018-19 and Order No. F.DE.15/(598)/

PSB/2022/3549-3553 dated 25.05.2022 issued for FY 2019-20 and thus, should not be considered again.

- ii. In view of the above examination, it is evident that the school have adequate funds to carry on its operation 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 available with the school to carry out its operations for the academic session 2022-23.

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 available with the school for meeting financial implication for the academic session 2022-23.

AND WHEREAS, it is noticed that the school has incurred INR 1,08,03,757 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, the act of the school of charging unwarranted fee or any other amount/fee under head other than the prescribed head of fee and accumulation of surplus fund thereof tantamount to profiteering and commercialization of education as well as charging of capitation fee in other form.

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 **Rockfield Public School, Sector-16, Rohini, Delhi-110085, (School ID-1413197)** 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 rejected by the Director (Education) with the above conclusion and suggestions.



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

1. Not to increase any fee/charges during FY 2022-23. In case, the school has already charged increased fee during FY 2022-23, the School should make necessary adjustments from future fee/refund the amount of excess fee collected, if any, as per the convenience of the parents.
2. To ensure payment of salary is made in accordance with the provision of Section 10(1) of the DSEA, 1973. Further, the scarcity of funds cannot be the reason for non-payment of salary and other benefits admissible to the teachers/ staffs in accordance with section 10 (1) of the DSEA, 1973. Therefore, the Society running the school must ensure payment to teachers/ staffs accordingly.
3. To utilize the fee collected from students in accordance with the provisions of Rule 177 of the DSER, 1973 and orders and directions issued by this Directorate from time to time.

Non-compliance of 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  
Rockfield Public School,  
Sector-16, Rohini,  
Delhi-110085, (School ID-1413197)

No. F.DE.15 ( 1591 )/PSB/2023/ 8887-8891

Dated: 18/10/23

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- II) 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