

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

No. F.DE.15 (1052)/PSB/2022/96/4-9618

Dated: 28/11/22

Order

WHEREAS, Sri Venkateshwar International School, Sector-18, Dwarka, New Delhi-110075 (School ID- 1821231) (hereinafter referred to as "the School"), run by the Diamond Educational and Welfare Society (hereinafter referred to as "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 for the ensuing academic session under section 17(3) of the DSEAR, 1973 with the Directorate. Such a statement is required to indicate the 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 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 recognized 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 recognized 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 authorized by the Director in this behalf and also by officers authorized 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 hike proposal submitted by the private unaided recognized schools which have been allotted land by the DDA/ other land-owning agencies with the condition in their allotment to seek prior approval 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 fees 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 that in the case of private unaided schools situated on the land allotted by DDA/other land-owning agencies at concessional rates:

"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/ other land-owning agencies.

AND WHEREAS, accordingly, the DoE vide Order No. F.DE-15(40)/PSB/2019/4440-4412 dated 08.06.2022, directed all the private unaided recognized schools, running on the land allotted by DDA/other land-owning agencies at 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 enhancement of fee for the academic session 2022-23. Accordingly, this Order dispenses the proposal for enhancement of fee submitted by 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 deployed teams of Chartered Accountants at HQ level who 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 the fee hike proposal filed by the aforesaid school, necessary records and explanations were also called from the school through email and the school was also provided an opportunity of being heard on 29.08.2022 to present its justifications/clarifications on the fee increase proposal. Based on the discussion with the school during personal hearing, 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(738)/PSB/2022/4523-4527 dated 13.06.2022 issued for academic session 2019-20 were also discussed with the school and school's submissions were taken on record.

AND WHEREAS, on receipt of clarification as well as documents uploaded on the web portal for fee increase, and subsequent documents submitted by the school as a result of the personal hearing on 18.08.2022, were evaluated by the team of Chartered Accountants and the key suggestions noted for improvement by the School are hereunder:



A. Financial Suggestion for Improvements

1. Clause 14 of the Order No. F.DE/15 (56)/ Act/2009/778 dated 11.02.2009 "*Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixtures and equipment.*" Thus, the development fee/funds should not be utilised for any other purposes other than those specified in Clause 14 of the Order dated 11.02.2009.

From review of the audited financial statements, it has been noted that the school has development funds balance of INR 3,58,90,134 as on 31.03.2022 while the cash and bank balance against this fund was INR 89,67,532.

During the personal hearing, the school explained that due to paucity of funds with the school, it has utilized development funds for payment of salary and other salary related cost without making any adjustment to this effect in development funds. Therefore, the balance of development funds was not correctly reflected in the audited financial statements. Accordingly, the school was asked to provide detailed working about year wise utilization of development funds for payment of salary etc. However, the school has not provided any details for that and also the school is not maintaining fund-based accounting. It cannot be determined the shortage of funds with the school for payment of salary to the staff.

In view of the above, development funds balance to the extent of available cash and bank balance have been considered while deriving the fund position of the school.

The school is further directed to ensure the collection and utilization of development fee/ funds must be in accordance with above cited Clause 14 of the order dated 11.02.2009. As per Clause 14 of the order dated 11.02.2009, the development funds/fee can only be used for purchase upgrade and replacement of furniture fixture and equipment not for other purposes.

2. Para 7.14 of AS-15 "*Employee Benefit*" issued by the Institute of Chartered Accountants of India (ICAI) states 'Plan Assets as:
 - a. assets held by a long-term employee benefit fund; and
 - b. qualifying insurance policies."

Further, the para 57 of the AS-15 states "*an enterprise should determine the present value of defined benefit obligations and the fair value 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.*"

Review of the audited financial statements revealed that the school recorded total liability of INR 2,08,32,184 for gratuity as on 31.03.2022 based on the valuation report provided by the LIC and has invested of INR 50,00,000 with LIC as on 06.09.2022. The amount invested by the school with LIC qualifies as plan assets within the meaning of AS-15. Therefore, investment with LIC amounting to INR 50,00,000 has been considered while deriving the fund position of the school with the direction to the school to invest the reaming amount in plan assets within 30 days from the date of issue of this order.



The school has also made provision of INR 50,00,000 for leave encashment on adhoc basis without obtaining actuarial valuation report for the same and has not invested any amount in plan assets. Therefore, provision of INR 50,00,000 has not been considered while deriving the fund position of the school. The school is hereby directed to report the liability towards leave encashment based on the actuarial valuation report determined by the registered actuary and invest an amount in plan assets within 30 days from the date of issue of this order.

3. Clause 7.24 of Duggal Committee report states "*school should be prohibited from discharging any of the functions, which rightly fall in the domain of the society out of the fees and other charges collected from the students; or where the parents are made to bear, even in part, the financial burden for the creation of facilities including building, on a land which had been given to the society at concessional rates for carrying out a philanthropic activity. One only wonders what is then the contribution of the society that professes to run the school*".

Further, Clause No. 2 of the Public Notice dated 04.05.1997 sates "*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*". Also, Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10.02.02005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

Additionally, Rule 177 of DSER, 1973 states "*Income derived by an unaided recognized school by way of fees shall be utilized 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 utilized 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 recognized 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*".

Further, 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.

Therefore, based on the above-mentioned provisions, the cost relating to land and construction of the school building should be borne by the society running the school and the school funds, i.e., fees collected from the students should not be used for purchase of land and construction of the school building. In this connection, it is also important to mention that society was allotted an institutional land at very price compared to the price of commercial and even residential land in the nearby location. The land was allotted at a very low price because society came up with the offer to do noble work in the field of education and run the school in Delhi on charity and on a "no profit and no loss" basis. The society also undertook to execute this work from its resources

or by arranging funds through donations, subscriptions, or any other legal possible manner. The DoE had recommended the allotment of land to society on noble grounds; otherwise, society would not have been able to have prime land at a very low price.

Accordingly, if the DoE finds any deviation or non-compliance in any condition of the land allotment letter, the society as well as the school are bound to comply and honour that immediately as per the direction of the DoE. And society cannot always claim the protection of Article 19(1)(g), 21 & 30 of the Constitution of India for non-interference by the DoE. Because the main source (i.e., land) which was required to establish the school was supported by DoE by recommending to land owning agency to allotment the land to the society. After considering the recommendation of the DoE, a clause has been included in the land allotment letter of the school that the school shall not increase the fee without the prior sanction of the Director (Education) and shall follow all the provisions of the Delhi School Education Act/Rules, 1973 and other instructions issued by the department from time to time.

The Directorate in its Order No. F.DE.15(57)PSB/2019/954-958 dated 23.01.2019 issued for academic session 2017-18 and Order No. F.DE.15(738)PSB/2022/4523-4527 dated 13.06.2022 issued for academic session 2019-20, noted that the school had utilised development funds for upgradation of building and building fixtures of INR 5,20,72,035 from FY 2014-15 to FY 2018-19. It was also noted that the above expenditure was incurred by the school without complying with the above-mentioned provisions. Therefore, it was directed to the school to recover this amount from the society which is still pending for recovery.

Further, the Directorate in its Order No. F.DE.15(57)PSB/2019/954-958 dated 23.01.2019 issued for academic session 2017-18 and Order No. F.DE.15(738)PSB/2022/4523-4527 dated 13.06.2022 issued for academic session 2019-20, noted that society had taken a loan of INR 7 crore from Kotak Mahindra bank to meet the infrastructural needs of the School which was reported by the school as amount payable to the society in its audited financial statements. Against this loan the school has already paid INR 6,09,26,085 till FY 2018-19. Accordingly, the school was directed to recover INR 11,29,98,120 (INR 5,20,72,035 plus INR 6,09,26,085) from society. Against that the school has recovered INR 1,67,19,926 from FY 2019-20 to FY 2021-22. Apart from the above, the school has made further payment of INR 32,88,254 to the society against the repayment of the abovementioned loan leaving the total liability (society) of INR 6,11,24,950. Which the school has transferred to the general funds (INR 1,40,36,822 in FY 2020-21 and INR 4,70,88,128 in FY 2021-22). Accordingly, the school has written off its liability.

Therefore, the reaming of INR 9,95,66,448 (INR 11,29,98,120 minus INR 1,67,19,926 plus INR 32,88,254) which is still pending for recovery has been considered while the fund position of the school with the direction to the school to recover the same from society withing 30 days from the date of issue of this order.

Non-compliance with the above direction shall be viewed seriously in accordance with the provision of Section 24(4) of the DSEA, 1973 while evaluating the fee hike proposal for the subsequent academic session.

4. The Hon'ble Supreme Court in the judgement of Modern School vs Union of India and others held that *capital expenditure cannot form part of financial fee structure of the school*. Further, in



pursuance of Rule 177 of DSER, 1973, income derived by an unaided 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.

As mentioned above in point no. 3 the school has not been complying with the provision of Rule 177 of DSER, 1973 and pronouncement of courts judgements. Therefore, the school funds utilized by the school for purchase of bus/vehicle cannot be allowed to the school.

Further, with respect of earmarked levies, the school is required to ensure with the following provisions.

- Clause 22 of the Order dated 11.02.2009 which states that earmarked levies shall be charged from user students on 'no profit no loss' basis.
- Rule 176 of DSER, 1973 states that 'income derived from collections for specific purpose shall be spent only for such purpose'.
- Judgement of Hon'ble Supreme Court of India in the case of Modern School Vs Union of India & Others states that schools, being run as non-profit organizations, are supposed to follow fund-based accounting.

And, as per Clause 22 of order dated 11.02.2009, Earmarked levies shall be charged from the user students only. Earmarked levies for the services rendered shall be charged in respect of facilities involving expenditure beyond the expenditure on earmarked levies already being charged for the purpose. They will be calculated and collected on 'no profit no loss basis and spent only for the purpose for which they are being charged. All transactions relating to the earmarked levies shall be an integral part of the school accounts.

The Directorate in its Order No. F.DE.15(57)PSB/2019/954-958 dated 23.01.2019 issued for academic session 2017-18 and Order No. F.DE.15(738)PSB/2022/4523-4527 dated 13.06.2022 issued for academic session 2019-20, noted that the school had incurred INR 3,08,90,646 for purchase of vehicle and repayment of loan and interest thereon during FY 2014-15 to FY 2018-19. It was also noted that this expenditure was incurred by the school without complying with the above- mentioned provisions. Accordingly, the school was directed to recover the same from the society which is still pending for recovery.

The school in its submission states *"it will be unfair if neither capital cost of vehicle nor depreciation on vehicle is allowed to charge from the students... .."*

The contention of the school was already denied by the DoE in the precious fee hike order states *"transportation is an earmarked levy and the school should charges transportation fees from the user students only on 'no profit no loss' basis...."*

Further, on review of the audited financial statements of FY 2019-20 to FY 2021-22, it has been noted that the school has further made repayment of loan of INR 19,01,623 in FY 2019-20 and INR 10,50,137 in FY 2020-21 and INR 36,62,647 in FY 2021-22 as per receipt and payment account which is not in accordance with above mentioned provisions.



Therefore, the total amount of INR 3,75,05,053 i.e., (INR 3,08,90,646 + INR 19,01,623 + INR 10,50,137 + INR 36,62,647) utilised by the school for purchase of vehicle and repayment of loan has been considered as fund available with the school while deriving the fund position with the direction to the school to recover this amount from the society within 30 days from the date of issue of this order. Non-compliance with the above direction shall be viewed seriously in accordance with the provision of Section 24(4) of the DSEA, 1973 while evaluating the fee hike proposal for the subsequent academic session.

B. Other Suggestion for Improvements

1. As per Clause 19 of Order No. F.DE/15(56)/Act/2009/778 dated 11.02.2009 "*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 "*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.'*"

And as per clause 22 of Order No. F.DE. /15(56)/ Act/2009/778 dated 11.02.2009 "*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.*"

As per Rule 176 of the DSER, 1973 "*Income derived from collections for specific purposes shall be spent only for such purpose.*"

Further, sub-rule 3 of Rule 177 of DSER, 1973 provides "*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).*" And, 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.*"

However, as per audited financial statements of FY 2019-20, it has been noted that the school charges earmarked levies in the form of Transport Fees, computer fees, Health and medical fees, mid-day meals from students. However, the school has not maintained separate fund accounts for these earmarked levies and has been generating surplus from earmarked levies, which has been utilised for meeting other expenses of the school or has been incurring losses (deficit) which has been met from other fees/income.

The aforementioned Guidance Note also 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). However, the school has not been following fund-based accounting in accordance with the principles laid down by the aforesaid Guidance Note.



Based on the above provisions, the school is required to maintain a separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from students. Unintentional surplus, if any, generated from earmarked levies has to 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 fees, ensuring that the proposed levies are calculated on a no-profit no-loss basis and not to include fees collected from all students as earmarked levies. Accordingly, the school is directed to comply with the above-mentioned provisions.

2. As per the Director's order no. FDE15(31) PSB/2019/902-906 dated 22.01.2019 issued for academic session 2017-18, it was observed that the school has not prepared Fixed Asset Register (FAR). During personal hearing the school submitted that it has formed a team for physical verification of fixed assets and all the data has been captured in Microsoft excel post physical verification of fixed assets.

The fixed asset register normally includes basic details such as asset description, date, supplier name, invoice number, manufacturer's serial number, location, purchase cost, other costs incurred, depreciation, asset identification number, etc. to facilitate identification of assets and documenting complete details of assets at one place. Therefore, the school is directed to prepare and submit the fixed assets register at the earliest. The same shall be verified at the time of evaluation of the fee proposal of the school for the next academic session.

3. The School is not complying with the DoE Order No.F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 as well as the conditions specified in the land allotment letter require to provide 25% reservation for children belonging to a EWS category. Therefore, the school is directed to ensure admission in accordance with the aforesaid order. From the records provided by the school, the percentage of EWS has been calculated below:

Particulars	FY 2022-23
Total Students	2,534
EWS Students	394
% of EWS students	15.55%

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 is INR **36,93,05,645** out of which the expected expenditures of the school would be INR **41,41,84,034** resulting in net deficit of INR **4,48,78,389** for the FY 2022-23. The detailed calculation is as under:

Particulars	Amount (INR)
Cash and Bank Balance as on 31.03.2022 as per Audited Financial Statements of FY 2021-22	89,67,532
Investments as on 31.03.2022 as per Audited Financial Statements of FY 2021-22	9,46,986

Particulars	Amount (INR)
Liquid fund as on 31.03.2022	99,14,518
Add: Recovery from the society for renovation of building out of school funds (Refer Financial Suggestion No. 3)	9,95,66,448
Add: Recovery from society for repayment of loan taken for purchase of buses (Refer Financial Suggestion No. 4)	3,75,05,053
Add: Fees for FY 2021-22 as per Audited Financial Statements (Refer Note 1)	25,01,49,704
Add: Other income for FY 2021-22 as per audited Financial Statements (Refer Note 1)	1,90,02,975
Add: Additional income of annual charges and development fund (Refer Note 1)	87,38,608
Less: Fee arrears of FY 2020-21 recorded in FY 2021-22	4,06,57,143
Total available funds for FY 2022-23	38,42,20,163
Less: FDR in joint name with DOE and Manager of the School	9,46,986
Less: Depreciation reserve fund as on 31.03.2022 (Refer Note 2)	-
Less: Salary reserve fund (Refer Note 3)	-
Less: Development Fund (Refer Financial Suggestion No. 1)	89,67,532
Less: Investment made with LIC against provision made for retirement benefits (Refer Financial Suggestion No. 2)	50,00,000
Estimated Available Funds for FY 2022-23	36,93,05,645
Less: Budgeted expenses for the session 2022-23 (Refer Note 2)	33,90,74,979
Less: Salary arrears of INR 11,51,01,526 <i>minus</i> salary arrears of INR 3,99,92,471 already allowed in previous fee hike order	7,51,09,055
Estimated Deficit	4,48,78,389

Note 1: 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. The above arrangement will be applicable with respect to collection of fees for academic session 2021-22.

From review of the audited financial statements of FY 2021-22 and based on the further information provided by the school, it has been noted that the school has reported 85% of the annual charges and development charges 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 fee has been grossed up in order to make comparative income with the FY 2022-23. The detailed calculation has been provided below:

Particulars	Income as per AFS of FY 2021-22	Income Considered in the Above Table	Remarks
Tuition Fee	15,89,62,731	15,89,62,731	
Annual Charges	2,99,90,525	3,52,82,971	The school recorded 85% of the income. Therefore, this has been grossed up.
Development fund	1,95,28,255	2,29,74,418	

Note 2: As per the Duggal Committee report, there are four categories of fees that can be charged by a private unaided School. The first category of fee comprised of "Registration fee and all one Time Charges" levied at the time of admissions such as admission and caution money. The second category of fee comprises 'Tuition Fee' which is to be fixed to cover the standard cost of the establishment and to cover the expenditure of revenue nature for the improvement of curricular facilities like library, laboratories, 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 consist of all 'Earmarked Levies' for the services rendered by the school and be recovered only from the 'User' students. These charges are transport fee, swimming pool charges, Horse riding, tennis, midday meals etc. This recommendation has been considered by the Directorate while issuing order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and order No. F.DE./15(56)/Act/2009/778 dated 11.02.2009.

The purpose of each head of the fee has been defined and it is nowhere defined the usage of development fee or any other head of fee for investments against depreciation reserve fund.

Further, Clause 7 of order No. DE.15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999 and clause 14 of the order no F.DE./15(56)/Act/2009/778 dated 11.02.2009, "development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixture 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". Thus, the above direction provides for:

- Not to charge development fee for more than 15% of tuition fee.
- Development fee will be used for purchase, upgradation and replacement of furniture, fixtures, and equipment.
- Development fee will be treated as capital receipts.
- Depreciation reserve fund is to be maintained.

Thus, the creation of the depreciation reserve fund is a pre-condition for charging of development fee, as per above provisions and the decision of Hon'ble Supreme court in the case of Modern School Vs Union of India & Ors.: 2004(5) SCC 583. Even the Clause 7 of the above direction does not require to maintain any investments against depreciation reserve fund. Also, as per para 99 of Guidance Note-21 'Accounting by School' 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."

Accordingly, the depreciation reserve (that is to be created equivalent to the depreciation charged in the revenue account) is mere of an accounting head for the appropriate accounting treatment of depreciation in the books of account of the school in accordance with Guidance Note -21 issued by the Institute of Chartered Accountants of India. Thus, there is no financial impact of depreciation reserve on the fund position of the School. Accordingly, the depreciation reserve fund has not been considered while deriving the fund position of the School.

Note 3: As per clause 10 of Form-II of Right of Children to Free and Compulsory Education Act 2009, the schools are required to maintain liquidity equivalent to 3 months' salary and this amount should be invested in the joint name of Dy. Director (Education) and manager of the school. Generally, it is done in the form of FDR in any scheduled bank.

The School has proposed salary reserve of INR 3,70,30,906 in its budget of FY 2022-23 however, the school has not complied with above mentioned provisions. Therefore, no amount has been considered while deriving fund position.

Note 4: All budgeted expenditure of the school has been considered while deriving the fund position of the school except the following:

Head of Expenditure	FY 2022-23	Amount Disallowed (INR)	Remarks
3-month salary reserve	3,70,30,906	3,70,30,906	Refer Note 3
7th CPC arrear	11,51,01,526	11,51,01,526	Considered Separately
Designated Fund	5,06,07,000	5,06,07,000	Adhoc expenditure proposed by the school cannot be considered.
Housekeeping expense	2,97,50,000	40,82,600	Restricted to 110% of previous year expense
Communication skill expense	53,26,000	53,26,000	No income and expense have been considered

Head of Expenditure	FY 2022-23	Amount Disallowed (INR)	Remarks
Building Repair and Maintenance	2,36,78,000	2,00,00,000	<p>From review of the audited financial statements of last three financial years. It was noted that the school has incurred INR 7.04 crore on repair and maintenance of school buildings.</p> <p>Considering the volume of expenditure incurred by the school, the same was discussed with the school during personal hearing and the school submitted all relevant invoices, photographs and engineer certificates. The school also submitted that after incurring expenditure as one time measure the forthcoming would be nominal. Based by the document provided by the school it appears that the above expenditure related to repair and maintenance of the school buildings. Based upon the school submission the amount proposed by the school towards repair and maintenance has restricted 120% of the previous year's actual expenditure.</p>

Note 5: While evaluating the fee hike proposal, department considers that how much liquid funds would require the school for a particular session for smooth operation without compromising with the quality of education. Thus, while deriving the fund position of the school all legitimate expenditures revenue as well as capital in accordance with the provisions DESAR, 1973 and pronouncement of Courts judgment have been considered. Therefore, balance of the other current assets other and current liabilities has not been considered. Because it is clear that the current assets, loans and advances and current liabilities are cyclic in nature and the same have already been considered in the form of budgeted income and expenditure of the school in the earlier years. Thus, current assets, loans and advances and current liabilities will always reflect in the financial statements at the end of the financial year.

- ii. In view of the above examination, it is evident that the school does not has adequate funds for meeting all the operational expenditures for the FY 2022-23. In this regard, the directions issued by the Directorate of Education vide circular no. 1978 dated 16 April 2010 states that:

"All schools must, first of all, explore and exhaust the possibility of utilizing 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 utilized for years together may also be used to meet the shortfall before proposing a fee increase."

AND WHEREAS, in the light of above evaluation which is based on the provisions of DSEA, 1973, DSER, 1973, guidelines, orders and circulars issued from time to time by this Directorate, it was recommended by the team of Chartered Accountants along with certain financial suggestions that were identified (appropriate financial impact has been taken on the fund position of the school) and certain procedural suggestions which were also noted (appropriate instructions against which have been given

in this order), that the sufficient funds are not available with the School to carry out its operations for the academic session 2022-23. Accordingly, the fee increase proposal of the school may be accepted.

AND WHEREAS, it is noticed that the school has utilised INR 9,95,66,448 in contravention of Clause 14 of the Order No. F.DE/15 (56)/ Act/2009/778 dated 11.02.2009 and Rule 177 of DSER 1973 and INR 3,75,05,053 in contravention of Rule 176 and Rule 177 of DSER 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 this order. Non-compliance with this direction shall be viewed seriously as per the provision of DSEAR, 1973 without providing any further opportunity of being heard.

AND WHEREAS, considering the financial situation and existing deficiencies and keeping in view that salary and other employee's benefits can be paid to the teachers and staff smoothly, the fee hike is allowed to the school with the suggestions for improvement. The school is hereby further 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 this 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. 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 15% to be effective from 01 October 2022.

AND WHEREAS, recommendation of the team of Chartered Accountants along with relevant materials were put before the Director of Education for consideration and who after considering all the material on the record, and after considering the provisions of section 17 (3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that funds are not available with the school for meeting financial implication for the academic session 2022-23.

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 this order to the D.D.E (PSB).

Accordingly, it is hereby conveyed that the proposal for fee hike of **Sri Venkateshwar International School, Sector-18, Dwarka, New Delhi-110075 (School ID- 1821231)** filled 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 hereby allowed to increase the fee by 15% to be effective from 1 October, 2022.

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

1. To increase the fee only by the prescribed percentage from the specified date.
2. To ensure payment of salary is made in accordance with the provision of Section 10(1) of the DSEA, 1973. Further, the scarcity of funds cannot be the reason for non-payment of salary and

other benefits admissible to the teachers/ staffs in accordance with section 10 (1) of the DSEA, 1973. Therefore, the Society running the school must ensure payment to teachers/ staffs accordingly.

3. To utilize the fee collected from students in accordance with the provisions of Rule 177 of the DSER, 1973 and orders and directions issued by this Directorate from time to time.

Non-compliance of this order or any direction herein shall be viewed seriously and will be dealt with in accordance with the provisions of section 24(4) of Delhi School Education Act, 1973 and Delhi School Education Rules, 1973.

This is issued with the prior approval of the Competent Authority.



(Yogesh Pal Singh)

Deputy Director of Education

(Private School Branch)

Directorate of Education, GNCT of Delhi

To
The Manager/ HoS
Sri Venkateshwar International School,
Sector-18, Dwarka, New Delhi-110075
(School ID- 1821231)

No. F.DE.15 (1052)/PSB/2022/9614-9618

Dated: 28/11/22

Copy to:

1. P.S. to Principal Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE (South west-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.



(Yogesh Pal Singh)

Deputy Director of Education

(Private School Branch)

Directorate of Education, GNCT of Delhi