

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

No. F.DE.15 (1670)/PSB/2023/10125-10129

Dated: 14/12/23

Order

WHEREAS, **Venkateshwar Global School (School ID 1413289), Sector -13, Rohini, New Delhi- 110085** (hereinafter referred to as "**the School**"), run by the **Ashoka Education and Welfare Society** (hereinafter referred to as the "**Society**"), is a private unaided school recognized by the Directorate of Education, Govt. of NCT of Delhi (hereinafter referred to as "**DoE**"), under the provisions of Delhi School Education Act, 1973 (hereinafter referred to as "**DSEA, 1973**") and the Delhi School Education Rules, 1973 (hereinafter referred to as "**DSER, 1973**"). The school is statutorily bound to comply with the provisions of the DSEA, 1973, DSER, 1973 and the RTE Act, 2009, as well as the directions/guidelines issued by the DoE from time to time.

AND WHEREAS, every school is required to file a full statement of fees every year before the ensuing academic session under section 17(3) of the DSEA, 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 DSER, 1973.

AND WHEREAS, as per section 18(5) of the DSEA, 1973 read with sections 17(3), 24 (1) and rule 180 (3) of the above DSEA, 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) of the DSEA, 1973 and the rule 180 (3) of DSER, 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.'*

AND WHEREAS, besides the above, 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 Nos. F.DE.-15(40)/PSB/2023/1964-1972 dated 01.03.2023 and F.DE.-15(40)/PSB/2023/2685-2692 dated 27.03.2023 for the academic session 2023-24, 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 **2023-24**.

AND WHEREAS, in pursuance to orders dated 01.03.2023 and 27.03.2023 of the DOE, the school submitted its proposal for fee increase for the academic session **2023-24**. Accordingly, the order dispenses the proposal for fee increase submitted by the school for the academic session **2023-24**.

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 2023-24, necessary records and explanations were also called from the school through email. Further, the school was also provided an opportunity of being heard on 04.12.2023 to present its justifications/ clarifications on fee increase proposal including audited financial statements and based on the discussion, school was further asked to submit necessary documents and clarification on various issues noted. During that hearing, the compliance of order no.F.DE.15(1328)/PSB/2023/3194-3198 dated 13.04.2023 issued for the academic session 2022-23 was also discussed and the school submission were taken on record.

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

A. Financial Suggestions for Improvement

1. Clause No. 2 of Public Notice dated 04.05.1997 states *"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 titled Delhi AbibhavakMahasangh concluded states "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/2KJ243/KKK/ 883-1982 dated 10.02.2005 issued by this Directorate states "Capital expenditure cannot constitute a component of the financial fee structure."

Also, 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. 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 school funds, i.e., fees collected from the students should not be used for the purchase of land and construction of the school building. In this regard, it is also important to mention that society was allotted an institutional land at very low cost compared to the price of commercial and as well as residential land of that nearby locality. The reason for allotment of land as such low cost was the 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. In its offer the society also undertook to execute this work from its resources or by arranging funds through donations, subscriptions, or any other legal possible manner. Based on the noble grounds, the DoE had recommended to the land-owning agencies for allotment of land to society which would otherwise not be possible for the society to have such a prime land at this cost in such posh location.

Accordingly, if the DoE finds any deviation or non-compliance in any condition of 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. 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 and run 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 was 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 the



provisions of the Delhi School Education Act/Rules, 1973 and other instructions issued by the department from time to time.

The DoE in its Order No. FD.E 15/ (539)/PSB/2022/3157-3161 dated 19.05.2022 issued to the school post evaluation of fee hike proposal for academic session 2019-20 and Order No.F.DE.15(1328)/PSB/2023/3194-3198 dated 13.04.2023 issued for the academic session 2022-23, noted that the school had incurred capital expenditure on construction of building and repayment of loans and interest thereon amounting to INR 6,59,80,727 in FY 2016-17 to 2018-19. The expenditure was incurred without complying with the aforesaid mentioned provisions. Therefore, the school was directed to recover INR 6,59,80,727 from society which is still pending for recovery.

Therefore, the total expenditure incurred by the school amounting to INR 6,59,80,727 on construction of the school building and repayment of loans and interest is still recoverable from the society being the responsibility of the society. Accordingly, it has been included while deriving the fund position of the school with the direction to the school to recover this amount from society within 30 days from the date of issue of the order. Non-compliance with this directive would be taken seriously, and the department would take appropriate action against the school under Section 24(4) of the DSEA, 1973 without providing further opportunity to be heard to the school.

2. Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/1(KK/ 883-1982 dated 10.02.2005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

Section 18(4) of DSEA,1973 states "*Income derived by unaided school by way of fees shall be utilized only for such educational purpose as may be prescribed*". And Rule 176 of the DSER, 1973 states "*Income derived from collections for specific purposes shall be spent only for such purpose.*"

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*".



Additionally, Hon'ble High Court of Delhi in its judgement dated 30.10.1998 in the case of Delhi Abibhavak Mahasangh concluded that "*The tuition fee cannot be fixed to recover capital expenditure to be incurred on the properties of the society.*" Also, Clause (vii) (c) of Order No. F.DE/15/Act/2K/243/KKK/ 883-1982 dated 10.02.02005 issued by this Directorate states "*Capital expenditure cannot constitute a component of the financial fee structure.*"

Moreover, the school fee should, in first instance, be utilized for meeting pay, allowances and other benefits admissible to the employees of the school and not for capital expenditure of vehicle, principal amount of loan and interest thereon

The DoE in its Order No. FD.E 15/ (539)/PSB/2022/3157-3161 dated 19.05.2022 issued to the school post evaluation of fee hike proposal for academic session 2019-20 and order no.F.DE.15(1328)/PSB/2023/3194-3198 dated 13.04.2023 issued for the academic session 2022-23, noted that school had spent INR 96,92,830 on purchase of buses and repayment of its loan and interest thereon. As the expenditure was incurred without complying with the above-mentioned provisions. Accordingly, the school was directed to recover INR 96,92,830 from society which is still pending for recovery.

On review of audited financial statements for FY 2021-22 and FY 2022-23, it has been noted that instead of recovering the aforesaid amount from the society, the school has paid interest amount of INR 10,67,217 on overdraft facility (new) without ensuring compliance of Rule 177 of DSER, 1973 as the school has not protected the interest of school staff as it failed to create or maintain investments against retirement benefits and 3 months' salary reserve.

Therefore, the total amount of INR 1,07,60,047 (INR 96,92,830 plus INR10,67,217) utilized by the school for purchase of buses, its repayment of loans and paid interest on overdraft facility is still recoverable from the society and has been included in the fund position with the school with the direction to the school to recover this amount from society within 30 days from the date of issue of the order. Non-compliance with this directive would be taken seriously, and the department would take appropriate action against the school under Section 24(4) of the DSEA, 1973 without giving any further opportunity to the school.

3. The DoE in its Order No. .FD.E 15/ (539)/PSB/2022/3157-3161 dated 19.05.2022 issued to the school post evaluation of fee hike proposal for academic session 2019-20, order no.F.DE.15(1328)/PSB/2023/3194-3198 dated 13.04.2023 issued for the academic session 2022-23 and its previous orders noted that the school had taken unsecured loan of INR 3,58,08,412 from various individuals without executing the formal contract with the lenders. Further, the school was paid INR 1,38,67,467 as interest on unsecured loans and Overdraft facility from Kotak Mahindra Bank. Whereas the major loans were utilized for constructing the school building. Accordingly, the school was directed to recover INR 1,38,67,467 from the society which is still pending for recovery.

Therefore, the total amount of INR 1,38,67,467 utilized by school for making payment of interest on unsecured loans and overdraft facility has been included in the fund position of the school with the direction to the school to recover the amount from the society.

Post hearing the school has submitted that it has recovered amount of INR 4,00,00,000 from the society in FY 2022-23. The impact of the same is already included in the year-end bank balances of

the school and thus, the same has been adjusted while calculating the fund position of the school. The school has submitted following details:

S. No.	Cheque no.	Dated	Amount
1	712354	17.06.2022	2,25,00,000
2	712355	23.06.2022	1,00,00,000
3	712356	24.06.2022	75,00,000
Total			4,00,00,000

Further, the school has submitted that in FY 2023-24 it has recovered INR 2,60,00,000 from the society. Though amount has been recovered from the society but the actual impact of this amount will accrue to the school in FY 2023-24 and thus, the same will not be considered in the order. The school has submitted following details:

S. No.	Cheque no.	Dated	Amount
1	712393	22.09.2023	1,00,00,000
2	712394	21.11.2023	60,00,000
3	712395	04.12.2023	1,00,00,000
Total			2,60,00,000

The school is directed to submit the copy of the bank statements of the school as well as of the society showing aforesaid receipts from the society.

4. Para 7.14 of AS-15 "*Employee Benefit*" issued by the Institute of Chartered Accountants of India (ICAI) states 'Plan Assets as:
- assets held by a long-term employee benefit fund; and
 - 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 recognized 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 of FY 2022-23 revealed that the school has recorded liability for retirement benefits (*gratuity*) amounting INR 1,29,03,930. The school has not submitted the copy actuarial valuation report relevant to the FY 2022-23. However, school has submitted the copy of actuarial valuation report dated 03.05.2022 for gratuity liability wherein the actuary has estimated the gratuity liability as at 31.03.2022 amounting to INR 1,52,13,104. However, the school has neither obtained the actuarial valuation report for leave encashment nor recognized any liability with respect to it.

Against the total liability for retirement benefits, the school has not invested any amount with LIC. Therefore, no amount has been considered while deriving the fund position of the school. Similar observation was also noted while evaluating the fees hike proposal for academic session 2023-24.

Accordingly, the school is once again directed to invest the amount in plan assets within 30 days from the date of issue of the order. Non-compliance with the above direction shall be viewed seriously in accordance with the provisions of Section 24(4) of the DSEA, 1973 while evaluating the fee hike proposal for the subsequent academic session. Also, the school has budgeted with INR 42,14,000 for liability towards retirement benefits and the same was not considered in the absence of investments in the plan assets.

B. Other Suggestion for Improvements

1. From a review of documents submitted by the school post personal hearing, the following has been noted with respect to the Fixed Asset Register (FAR) maintained by the school:
 - No tagging of the assets has been done in Fixed Assets Register (FAR) and location is not identified due to which assets could not be physically verified.
 - Depreciation for the individual assets is not recorded in the FAR, only cost of the assets is available in the FAR and WDV of the assets is not available.
 - Invoice number, manufacturer's serial number and location of the asset is not mentioned in the fixed assets register.

Similar observation noted in order no.F.DE.15(1328)/PSB/2023/3194-3198 dated 13.04.2023 issued for the academic session 2022-23.

Therefore, the School is again directed to prepare a FAR, which should include details such as asset description, purchase date, supplier name, invoice number, manufacturer's serial number, location, purchase cost, other costs incurred, depreciation, asset identification number, etc. to facilitate identification of asset and documenting complete details of assets at one place. The school is further directed to comply with the directions for preparing FAR with relevant details mentioned above according to the process for periodic physical verification of assets and documenting the results of physical verification of assets. The same shall be verified at the time of evaluation of the fee hike proposal for subsequent years. This being a procedural finding, no financial impact is warranted on the fund position of the school.

2. 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 which require that the school should provide 25% reservation for children belonging to EWS/DG category. Therefore, the school is directed to ensure admission in accordance with the aforesaid order. Further, the school is also required to provide uniform and textbooks to the EWS/DG category students. However, from the audited financial statements, the expenditure incurred by the school towards uniform and textbooks cannot be determined. During personal hearing the school has explained that due to paucity of funds school has not given books and uniforms to the EWS students. Therefore, the concerned Deputy Director Districted are requested to ensure compliance with this regard by the school. From the information provided by the school, the percentage of admission allowed to the school to EWS is provided below:

Particulars	FY 2022-23
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Total Students	2,658
EWS Students	536
% of EWS students	20.17%

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 with the school for FY 2023-24 amounting to INR **32,06,72,924** out of which estimated expenditures (i.e., outflow) for the FY 2023-24 is to be INR **35,55,96,918**. This results in net deficit amounting to INR **3,65,11,459** for the FY 2023-24 after making all payments. The details are as follows:

Particulars	Amount (in INR)
Cash and Bank balances as on 31.03.23 as per Audited Financial Statements	21,02,535
Investments as on 31.03.23 as per Audited Financial Statements (Refer Note no 2)	9,37,539
Less: Bank overdraft as on 31.03.2023	2,77,12,086
Liquid Funds as on 31.03.2023	-24,672,012
Add: Amount recoverable from society for amount incurred on building construction (Refer Financial Suggestions for Improvement no. 1)	6,59,80,727
Add: Amount recoverable from Society on account of interest payment on unsecured loan and OD limit till FY 2017-18 (Refer A. Financial Suggestions for Improvement no. 3)	1,38,67,467
Add: Amount recoverable from Society on account of interest paid on Overdraft Facility for FY 2022-23 (Refer Financial Suggestions for Improvement no. 2)	10,67,217
Add: Amount recoverable from Society on account repayment of loans on cars and buses (Refer Financial Suggestions for Improvement no. 2)	96,92,830
Less: Amount recovered from society in FY 2022-23 (Refer A. Financial Suggestions for Improvement no. 1)	4,00,00,000
Add: Fees for FY 2022-23 as per Audited Financial Statements (Refer Note no 1)	25,56,37,470
Add: Other Income for FY 2022-23 as per Audited Financial Statements (Refer Note no 1)	32,27,961
Add: Additional Fees due to increase in fee @15% from 01.04.2023 (Refer Note 3 Below)	3,82,80,546
Less: Non Cash Income (Refer Note no 1 below)	24,09,282
Total Available Funds for FY 2023-24	32,06,72,924
Less: Development fund balance as on 31.03.2023 as per audited financial statements	6,49,926
Less: FDs with CBSE as on 31.03.2023 (Refer Note no 2)	9,37,539
Less: Depreciation reserve fund as on 31.03.2023 (Refer Note no 4)	-
Net Available Funds for FY 2023-24 (A)	31,90,85,459
Less: Budgeted expenses for the session 2023-24 (Refer Note no 6)	34,05,93,260
Less: Salary Arrears of 7th CPC (01.04.2022 to 31.03.2023) (Refer Note no 7)	1,50,03,658
Total Estimated Expenditure for FY 2023-24 (B)	35,55,96,918
Net Deficit (A-B)	3,65,11,459



Note 1: All the fee and other income as per financial statements for the FY 2022-23 has been considered with the assumption that the amount received in FY 2022-23 will at least accrue during FY 2023-24. Further, non-cash income with respect to liability written back and effect of Para-99 of guidance note 21 amounting to INR 24,09,282 are excluded from the fund position of the school.

Note2: The details of fixed deposit held by the school as per the audited financial statements of FY is provided below:

Particulars	Amount (in INR)	Remarks
FDR for DOE/ CBSE	9,37,539	FDR in the joint name of School, DoE and CBSE hence, the same has been deducted while calculating the fund position of the school.
Total	9,37,539	

Note 3: The school was allowed to increase fee 15% vide order no. F.DE.15(1328)/PSB/2023/3194-3198 dated 13.04.2023 issued for the academic session 2022-23 from 1st April, 2023. Accordingly, additional income on account of fee increase will also accrue to the school in FY 2023-24 and thus, following amount has been considered as funds available with the school:

Fee heads	Actual receipt in FY 2022-23	Increased fee (with fee increase @15%)
Tuition fees	17,75,00,043	20,41,25,049
Annual Charges	5,13,76,693	5,90,83,197
Development Fee	2,63,26,906	3,02,75,942
Total	25,52,03,642	29,34,84,188
Impact of fee increase		3,82,80,546

Note 4: 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 charges 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. I 5/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 already 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 as reported by the school in its audited financial statements for the FY 2022-23 has not been considered while deriving the fund position of the school.

Note 5: All budgeted expenditure proposed by the school has been considered while deriving the fund position of the school except the following.

Head of Expenditure	2023-2024 (in INR)	Amount disallowed (in INR)	Remarks
Salary arrears - 7th CPC upto 31.03.2022	8,24,13,532	8,24,13,532	Considered separately. Refer note 6 below
Salary arrears - 7th CPC FY 2022-23	1,50,00,000	1,50,00,000	
Retirement Benefits	42,14,000	42,14,000	Refer Financial Suggestions for Improvement no. 4
Bank interest	10,17,000	10,17,000	Refer financial suggestion for improvement no.2
Transportation charges	3,23,61,000	3,23,61,000	Neither Income nor expense has been considered on the assumption that earmarked levies are collected on no profit no loss basis
Mid Day meal expenses	2,88,75,000	2,88,75,000	
Depreciation	2,00,00,000	2,00,00,000	Depreciation being non-cash expenditure, has not been considered in the calculation of



Head of Expenditure	2023-2024 (in INR)	Amount disallowed (in INR)	Remarks
			funds availability position of the school.
Capital Expenditures	4,77,50,000	1,74,74,058	Restricted to development fee expected to be received in FY 2023-24
Total	23,16,30,532	20,13,54,590	

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.

The school was allowed 7th CPC salary arrears upto 31st March 2023 in Directorate order no. F.DE.15(1328)/PSB/2023/3194-3198 dated 13.04.2023 issued for the academic session 2022-23. Also, school has submitted that in the year 2023-24, the impact of 7th CPC would be INR 9,74,13,532. As stated above, the school has been allowed 7th CPC arrears in each previous orders issued by the directorate and it would not be inappropriate if whole amount of arrears is allowed to the school again. Based on facts produced before and the considering the financial implication on parents and the teachers' salaries, the impact of 7th CPC on salary payments for FY 2023-24 has been dealt in the order. The school is also directed to ensure to disclose its full liability for 7th CPC arrears in the audited financial statements and no impact of salary arrears will be allowed unless the same is disclosed/presented as liability of the school in the financial statements duly audited by the independent auditor.

- ii. In view of the above examination, it is evident that the school does not have adequate funds for meeting all the operational expenditure for the academic session 2023-24. 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 2023-

24 have been evaluated and certain financial suggestions have been identified (appropriate financial impact has been taken on the fund position of the school) and certain procedural suggestions which were also noted (appropriate instruction against which have been given in the order) that the sufficient funds are not available with the school to carry out its operations for the academic session 2023-24.

AND WHEREAS, while evaluating the fee hike proposal, department considers that how much liquid funds would require the school for a particular session considering the budgeted expenditures 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.

AND WHEREAS, it is noticed that the school has utilized INR 5,06,08,241 (INR 9,06,08,241 minus INR 400,00,000) in contravention of the provisions of DSEA&R, 1973 and other orders issued by the departments from time to time. Therefore, the school is directed to recover the aforesaid amount from the society. 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 the DSEA, 1973 and the DSER, 1973 without providing any further opportunity of being heard.

AND WHEREAS, the fee proposal of the school along with relevant materials were put before the Director of Education for consideration and who after considering all the material on the record, and after considering the provisions of section 17(3), 18(5), 24(1) of the DSEA, 1973 read with Rules 172, 173, 175 and 177 of the DSER, 1973 has found that sufficient funds are not available with the school for meeting financial implication for the academic session 2023-24. 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 10% to be effective from 01.01.2024.

AND WHEREAS, considering the financial situation and existing deficiencies and keeping in view that salary and other employee's benefits can be paid to the teachers and staff smoothly, the fee hike is allowed to the school with the suggestions for improvement. Further, school is hereby directed that the additional income received on account of increase fee should be utilized at first instance only for payment of salary and salary arrears and submit the compliance report within 30 days from the date of issue of the order.

AND WHEREAS, the act of the school of charging unwarranted free or any other amount/fee under head other than the prescribed head of fee and accumulation of surplus fund thereof tantamount to profiteering and commercialization of education as well as charging of capitation fee in other form and thus, school should ensure to charge fee only under the prescribed heads and utilized the fees collected for the defined purposes in accordance with the provisions of the DSEA, 1973 and the DSER, 1973.

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

Accordingly, it is hereby conveyed that the proposal for fee hike of **The Venkateshwar Global School (School ID 1413289), Sector -13, Rohini, New Delhi- 110085** filed by the school in response to the order Nos. F.DE.-15(40)/PSB/2023/1964-1972 dated 01.03.2023 and F.DE.-15(40)/PSB/2023/2685-

2692 dated 27.03.2023 for the academic session 2023-24, is accepted by the Director (Education) with the above conclusion and suggestions and the school is allowed to increase the fee by 10% for session 2023-24 to be effective from 01.01.2024.

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

1. To increase the fee only by the prescribed percentage from the specified date i.e., 01.01.2024.
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. Further, the management of said School is hereby directed under section 24(3) of DSEA, 1973 to comply with the following directions:

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)

**Dy. Director of Education
(Private School Branch)**

Directorate of Education, GNCT of Delhi

To
The Manager/ HoS
The Venkateshwar Global School
School ID 1413289
Sector -13, Rohini, New Delhi- 110085

No. F.DE.15(1674)/PSB/2023/10125-10129

Dated: 14/12/23

Copy to:

1. P.S. to Secretary (Education), Directorate of Education, GNCT of Delhi.
2. P.S. to Director (Education), Directorate of Education, GNCT of Delhi.
3. DDE concerned
4. In-charge (I.T Cell) with the request to upload on the website of this Directorate.
5. Guard file.



(JAI PARKASH)

**Dy. Director of Education
(Private School Branch)**

Directorate of Education, GNCT of Delhi