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

No. F.DE.15 (163)/PSB/2023/ 9670 - 9674 Dated: 24/11/23

Order

WHEREAS, **Gyan Mandir Public School (School ID- 1720150) E-Block Naraina Vihar New Delhi-110028,** (hereinafter referred to as **"the School"**), run by the **Khosla Education Foundation** (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 16th October 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(1106)/PSB/2022/400-404 dated 16.01.2023 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. As per the Directorate's Order No. DE.15/Act/Duggal.Com/203/99/23033-23980 dated 15.12.1999, the management is restrained from transferring any amount from the recognized unaided school fund to society or trust or any other institution. The Supreme Court also, through its judgement on a review petition in 2009 restricted transfer of funds to the society.

   As per order no.F.DE. 15(1106)/PSB/2022/400-404 dated 16.01.2023 issued for academic session 2022-23 it was revealed that the school paid consultancy charges of INR 39,72,791 to M/s Cosmopolitan Enterprises for the period FY 2013-14 to FY 2016-17 on behalf of Society as the consultancy services were taken by the society and the same was directed to recover. It was also stated that the school was given substantial opportunity to submit the documents. Post hearing school has submitted that the said agency provides consultancy, suggestions and other matters related to the school and the society running the school does not have any other activity than running the said school. It is also submitted that the school would provide the copies of the contract and invoices at the time of personal hearing for the next fee increase proposal of the school. In the absence of these documents, it could not be verified the exact nature of expenses, relationship of vendors with the school or genuineness of the expenses.

   Further, upon review the audited financial statements for 2022-23, it is observed that school has shown an amount of INR 56,32,791 by crediting General fund. However, corresponding receipt entry is not reflecting in the Receipts and Payments Account. Accordingly, the amount spent by the school towards consultancy charges of INR 39,72,791 as per previous year order is hereby added to the fund position of the school considering the same as funds available with the school with the direction to the school to recover this amount from the Society within 30 days from the date of the order. Further, if the school has recovered the aforesaid amount from the society, it needs to submit the copy of bank statement along with society's ledger for verification with the compliance report. The school is also directed to ensure to submit the documents related to aforesaid payments with the compliance report.

2. As per Rule 125 of Delhi School Education Rule, 1973 "Every employee of a recognized private school, not being an unaided minority school, shall be entitled to travelling allowance and daily allowance according to the rules made by the Delhi Administration."

   As per order no. F.DE. 15(1106)/PSB/2022/400-404 dated 16.01.2023 issued post evaluation of fee increase proposal for academic session 2022-23 read with order No. F.DE.15(564)/PSB/2022/3301-3305 dated 23.05.2022 issued post evaluation of fee increase proposal for academic session 2019-20, the school paid conveyance charges of INR 16,60,000 (INR 7,94,000 paid to Principal, INR 6,26,000 paid to Manager and INR 2,40,000 paid to Ms. Vani Talwar (not a school employee)) during the period FY 2016-17 to FY 2018-19 and the same was directed to be recovered from the Society.

   Post personal hearing, the school has submitted the response stating that "*... the amount of conveyance was paid in order to cover the cost incurred by the staff while discharging official duties of the school which is legally allowed as being part of Travelling allowance and Daily allowance under DSEAR 1973 covered under additional benefits payable the staff of private unaided schools. This may be considered as a part of remuneration payable to the staff as per the terms of employment and there is no restriction on payment of such considerations as apart if* *salary package of the staff under DSEAR 1973. Moreover, both the Manager and Principal are the main person managing the school endowed with many responsibilities along with the routine school management and which entails additional expenses being incurred at their end and this amount was paid as compensation for the same...."*

Further, at the time of evaluation fee proposal for FY 2022-23, the school has submitted the response stating that *"In this relation we would like to submit that the school has paid conveyance charges as fixed amount as per the terms of the employment agreed between the school and the staff.............in light of the above stated facts said amount INR 16,60,000 may not be added to the fund position of the school and the order to recover such amount from the society should be dropped."*

In this regard, the school mentioned that the above amount is being paid based on contractual agreement entered with them, but the school has not provided the contract copy for the verification. In the absence of the necessary information, the explanation and justification submitted by the school the amount paid by the school over and above the salary component cannot be justified.

Accordingly, the amount spent by the school towards conveyance charges of INR 16,60,000 as per previous year order is hereby added to the fund position of the school considering the same as funds available with the school with the direction to the school to recover this amount from the Society within 30 days from the date of the order.

3. 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:

   i. *award of scholarships to students,*
   ii. *establishment of any other recognised school, or*
   iii. *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.*

   As per order no. F.DE. 15(1106)/PSB/2022/400-404 dated 16.01.2023 issued post evaluation of fee increase proposal for academic session 2022-23, it has been stated that the school without ensuring the compliance of Rule 177 and payment of dues against salary arrears as per 7th CPC for the period January 2016 to till date had incurred capital expenditure towards purchase of solar panel of

INR 13,97,200 out of the general fund which is not in accordance with the aforesaid provision of Rule 177 of the DSER, 1973.

It was also noted that on review of the financial statements for the FY 2019-20 to FY 2021-22, the school paid scholarships to the students amounting to INR 5,59,924 which is also not in accordance with the above-mentioned provisions.

Accordingly, the amount of INR 13,97,200 utilized by the school for purchase of solar panel and the scholarships payments made by the school amounting to INR 5,59,924 without complying with the requirements of Rule 177 of DSEAR, 1973 is hereby added to the fund position of the school considering the same as funds available with the school with the direction to the school to recover the same from the society within 30 days from the date of issue of the order.

4. Para 57 of Accounting Standard 15 (AS-15) 'Employee Benefits' issued by the Institute of Chartered Accountants of India states that *"An enterprise should determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.* "Further, Para 7.14 defines the Plan Assets as:

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

Further, Para 60 of Guidance Note-21 on 'Accounting by Schools' (2005) issued by the Institute of Chartered Accountants of India states that *"A defined benefit scheme is a scheme under which amounts to be paid as retirement benefits are determined usually by reference to employee's earnings and/or years of service".*

An appropriate charge to the income and expenditure account for a year should be made through a provision for the accruing liability. The accruing liability should be calculated according to actuarial valuation. However, if the school employs only a few persons, say less than twenty, it may calculate the accrued liability by reference to any other rational method. The ensuing amount of provision for liability should then be invested in *"plan assets"* as per AS-15 issued by ICAI.

On review of the certified financial statements for FY 2022-23 submitted by the school, it has been noted that the school has made a total provision of INR 1,31,81,250 and INR 56,45,180 towards gratuity and leave encashment respectively as on 31st March 2023. The school further submitted that it has invested INR 1,69,35,336 in an investment which qualifies as a plan asset within the meaning of AS-15 and reported the same in the financial statements ended on 31st March 2023. Therefore, the total amount invested by the school in planned assets towards gratuity and leave encashment of INR 1,69,35,336 have been considered while deriving the fund position of the school.

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

Further Clause 18 of Order no F.DE/15(56)/Act/2009/778 dated 11.02.2009 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.*"

On review of the financial statements for FY 2022-23, it has been observed noted that the school has been collecting caution money from the students and which is kept in FDR with Bank which is as per the above provision. Therefore, the amount refundable of INR 10,58,607 as on 31.03.2023 as reported in the audited Financial Statements has been considered while deriving the fund position of the school. The school is directed to refund the caution money to the students who have left the school within 30 days from the date of issue of the order.

6. Clause 14 of order No. F.DE./15 (56) /Act /2009 / 778 dated I 1.02.2009 states *"Development Fee not exceeding 15% of the total am1ual tuition fee may be charged for supplementing the resources for purchase, upgradation 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 (ICAI) 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.*

And para 102 of the above cited Guidance Note-21 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.* "

On review of the audited financial statements of the school for FY 2022-23 it has been noted that the school has shown closing balance of INR 44,28,322 in the Development Fund. In the Receipts and Payments Account, no amount has been presented as receipts of development fee during FY 2022-23. Further, it appears that the school has credited the development fund account from general reserve account or some other account without disclosing or explaining the same in the Notes to accounts. Accordingly, the amount shown as investment against development fund cannot be construed as restricted fund and no impact has been taken in the fund position of the school. In the compliance report dated 15.02.2023, the school submitted that, *"The school shall treat the development fee as capital receipts an shall make necessary adjustments in books of accounts for* *last 10 years in the audited financial statements of FY 2022-23. The school shall open a development fee bank account separately and shall deposits the funds against amount utilized as per rules in said account."*

However, the school has not treated the development fee as capital receipts and also, not submitted details to substantiate whether separate bank account for development fee is opened or not. Therefore, the school is directed to ensure treat development fee as capital receipts and to present the collection and utilization of development fee/ fund in accordance with above cited Clause 14 of the order dated 11.02.2009. School is also directed to explain why there was no receipts shown in the Receipts and Payments Account for FY 2022-23 and earlier years.

In view of the aforesaid discussion, the receipts of the development fee cannot be ascertained and thus, not considered in the calculation of fund available with the school. Also, the school has budgeted INR 61,00,000 for furniture, fixture and equipment without any justification as expenditure against the development fee and it would not be justifiable to consider these expenses while calculating the funds available with the school wherein development receipts are not available.

B. Other Suggestions for improvement

1. As per clause 2 included in 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 10.02.02005 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.*

Accordingly, based on the above-mentioned public notice and judgement of the Courts, the cost relating to land and construction of the school building must be met by the society, being the property of the society and the school funds i.e., fee collected from students should not be utilized for the same.

From review of the audited financial statements for the FY 2022-23, it has been noted that the school has reported building value of INR 9,12,616 (at Gross value) however corresponding capital receipts/corpus fund is not reflecting in the audited financial statements. Further the school has not disclosed the source from which the building was constructed. Hence the school is directed to provide the complete details about the funds which were used to construct the school building and pass the necessary accounting entries in the books of accounts.

2. Clause 19 of order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 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."*

Clause 21 of order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009 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."*

Clause 22 of order No. F.DE /15(56)/ Act/2009/778 dated 1.02.2009 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."*

Clause 6 of order No. DE 15/ Act/ Duggal.Com /203 /99 /23033-23980 dated 15.12.1999 states *"Earmarked levies shall be charged from the user student only."*

Rule 176 of the DSER, 1973 states *"Collections for specific purposes to be spent for that purpose."*

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 at 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 form of restricted funds, which, according to Guidance Note-21 '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 Guidance Note-21 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 and a corresponding amount is transferred from the concerned restricted fund account to the credit of the Income and Expenditure Account.

From the information provided by the school during personal hearing, it has been noted that school charges earmarked levies in the form of Activity fees, Computer fees, CCE Multimedia Fees and Science fees from the students but has not maintained fund-based accounting. The surplus/deficit generated by the school from these earmarked levies in last three financial years are as under:

(Figures in INR)

Particulars	Activity Charges	Computer Fees	Science Fees**	CCE Multimedia Fees**
For the year 2020-21				
Fee Collected during the year (A)	51,64,970	21,420	2,50,413	1,30,060
Expenses during the year (B)	2,71,971	4,54,092	-	-
Difference for the year (A-B)	**48,92,999**	**(4,32,672)**	**2,50,413**	**1,30,060**
For the year 2021-22				
Fee Collected during the year (A)	65,03,269	18,945	12,793	1,39,320
Expenses during the year (B)	2,94,014	7,49,578	-	-
Difference for the year (A-B)	**62,09,255**	**(7,30,633)**	**12,793**	**1,39,320**
For the year 2022-23				
Fee Collected during the year (A)	23,79,145	21,64,230	5,04,940	5,94,390
Expenses during the year (B)	5,83,855	6,93,628	-	-
Difference for the year (A-B)	**17,95,290**	**14,70,602**	**-**	**-**
Total (Surplus)	**1,28,97,544**	**3,07,297**		

**The above table is not showing the actual surplus/losses of last 3 financial year from the Science fees and CCE Multimedia fees in the absence of complete details of income and expenditures furnished by the school.

In view of the above the earmarked levies are to be collected only from the user students availing the services, and if any service/facility has been extended to all the students at the school, a separate charge cannot be levied towards these services by the school as the same would get covered either from tuition fee (expenses on curricular activities) or annual charges (expenses other than those covered under tuition fee). Accordingly, charging earmarked levies in the name of Activity fees, Computer fees and CCE Multimedia Fees from all the students loses its character of earmarked levy.
Thus, the school is directed not to charge such fee as earmarked levy with immediate effect and should incur the expenses relating to these from tuition fee and/or annual charges.

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.

3. The Directorate vide its order No. F.DE.15/Act-I/08155/2013/5506-5518 dated 04.06.2012 directed that the school shall provide 25% reservation to children belonging to EWS category. Even as per the land allotment letter, the school is required to provide free ship to students

belonging to weaker section. However, as per the information provided by the school for FY 2019-20 to FY 2021-22, it has been noted that the school was not complying with the abovementioned DOE's Order and condition mentioned in the land allotment letter which provides for granting of free ship to the extent of 25% to the children belonging to EWS category. Therefore, the DDE District is required to look into this matter and ensure compliance with the above requirements. The details of total students and EWS students for the FY 2020-21 to 2022-23 are tabulated below:

Particulars	**FY 2020-21**	**FY 2021-22**	**FY 2022-23**
EWS	269	295	314
Total Strength	1473	1492	1507
% of EWS students to total strength	**18%**	**20%**	**20.84%**

The school is again directed to comply with the directions included in above stated orders and also, submit the compliance within 30 days from the date of issue of the order.

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 **8,33,77,137** out of which estimated expenditures (i.e., outflow) for the FY 2023-24 is to be INR **8,92,60,348**. This results in net deficit amounting to INR **58,83,211** 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	49,30,982
Investments as on 31.03.23 as per Audited Financial Statements	4,50,77,384
Liquid Funds as on 31.03.2023	**5,00,08,366**
Add: Amount recoverable from the society for amount paid by the school against the consultancy charges on behalf of the society (Refer Financial Suggestion for Improvement No. 1)	39,72,791
Add: Amount recoverable from the society for amount paid against conveyance charges to staff (Refer Financial Suggestion for Improvement No. 2)	16,60,000
Add: Amount recoverable from the society for amount paid against scholarship to student (Refer Financial Suggestion for Improvement No. 3)	5,59,924
Add: Amount recoverable from the society for amount paid against purchase of solar panel (Refer Financial Suggestion for Improvement No. 3)	13,97,200
Add: Fees for FY 2022-23 as per Audited Financial Statements (refer Note 1 below)	3,74,02,453
Add: Other Income for FY 2022-23 as per Audited Financial Statements (refer Note 1 below)	67,89,973
Total Available Funds for FY 2023-24	**10,17,90,707**
Less: FDR in the joint name of Manager, School and Dy. Director of Education as on 31.03.2023 (Refer Note 2 Below)	4,19,627

Particulars	Amount (in INR)
Less: Development Fund as on 31.03.2023 as per Audited Financial statements of FY 2022-23 (refer Financial Suggestions for Improvement no. 6)	-
Less: Caution Money as on 31.03.2023 as per Audited Financial Statements of FY 2022-23 (refer Financial Suggestions for Improvement no. 5)	10,58,607
Less: Gratuity and leave encashment LIC as per Audited Financial statements of FY 2022-23 (Refer Financial Suggestion No. 4)	1,69,35,336
Net Available Funds for FY 2023-24 (A)	**8,33,77,137**
Less: Budgeted expenses for the session 2023-24	4,99,60,594
Less: Salary Arrears of 7th CPC	3,92,99,754
Total Estimated Expenditure for FY 2023-24 (B)	**8,92,60,348**
Net Deficit (A-B)	**58,83,211**

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.

Note 2: The detail of fixed deposit held by the school as per the audited financial statements of FY 2022-23 is provided below:

Particulars	Amount (in INR)	Remarks
Caution Money Investment	10,58,607	Deducted while calculating available funds of the school
Development fund Investment	44,28,322	Refer financial suggestion for improvement no. 6
Gratuity Fund Investment	1,69,35,336	Deducted while calculating available funds of the school.
Reserve Fund	1,32,08,031	Deducted Rs. 419627 on the basis of order no. F.DE. 15(1106)/PSB/2022/400-404 dated 16.01.2023 issued for the academic session 2022-23. School is directed to submit the copies of FDRs showing amount deposited in the joint name of the Dy. Director (Education) Distt. and the Manager, School otherwise no deduction will be considered in future orders.
DRF Investment	94,47,089	Refer Note 3 below.
Total	**4,50,77,385**	

Note3: 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:

a. Not to charge development fee for more than 15% of tuition fee.
b. Development fee will be used for purchase, upgradation and replacement of furniture, fixtures, and equipment.
c. Development fee will be treated as capital receipts.
d. 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 there commendations 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 for the FY 2022-23 has not been considered while deriving the fund position of the School.

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

Heads	Budgeted expenditure in FY 2023-24	Amount Disallowed	Remarks
Retirement benefits	40,00,000	40,00,000	Refer Financial Suggestions for Improvement no. 5
Depreciation	8,10,000	8,10,000	Expense being a non-cash item
Impact of 7th CPC on salary and arrears payable	5,65,00,000	1,72,00,246	7th CPC arrear to the extent provisioned in audited financial statements has been allowed and considered separately.
Atal Think Lab	5,50,000	5,50,000	Neither income nor expenditure are considered.
Computer Expenses	7,70,000	7,70,000	
Library Expenses	40,000	22,549	Allowed to the extent of 110% previous year expenditure as no justification for increase in expenditure furnished.
Repair & Maintenance - Building	26,50,000	1,95,728	
Repair & Maintenance - Others	7,50,000	83,529	
Interest paid	50,000	50,000	Not considered as details not furnished
Repair & Maintenance - Furniture & Fixtures	2,50,000	2,50,000	No justification provided and hence not considered
Training, Workshop and Seminars	6,40,000	6,40,000	
Capital Expenditure against development fee	61,00,000	61,00,000	Refer Financial Suggestions for improvement no. 6
Total	**7,31,10,000**	**3,06,72,052**	

Note 5: 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 has budgeted INR 5,65,00,000 as impact of 7th CPC on salaries and arrears of salary. Also, the school has provided for salary arrears amounting to INR 3,92,99,754 in the audited financial statements for the year ended on 31st March 2023. Based on details submitted and after 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. Therefore, the amount of salary arrears provided in the financial statements as at 31st March 2023 have been considered in the aforesaid calculation of fund available with the school with the direction to the school to pay the salary arrears to the staff without further delay.

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 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 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 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 75,89,915 (INR 39,72,791 plus INR 16,60,000 plus INR 5,59,924 plus INR 13,97,200) in contravention of the 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 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 15% to be effective from 01 April 2023.

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 for the defined purposes.

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 **Gyan Mandir Public School (School ID- 1720150) E-Block Naraina Vihar New Delhi-110028** filed by the school in response to the order Nos. F.DE.-15(40)/PSB/2023/1964-1972 dated 01.03.2023and 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 15% for session 2023-24 to be effective from 01.04.2023.

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., 01.04.2023.

2. To ensure payment of salary is made in accordance with the provision of Section 10(1) of the DSEA, 1973. Further, the scarcity of funds cannot be the reason for non-payment of salary and other benefits admissible to the teachers/ staffs in accordance with section 10 (1) of the DSEA, 1973. Therefore, the Society running the school must ensure payment to teachers/ staffs accordingly.

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

24/11/23

(BIMLA KUMARI)
Additional Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To:
The Manager/ HoS
Gyan Mandir Public School
E-Block Naraina Vihar
New Delhi-110028
School Id – 1720150

No. F.DE.15(1631)/PSB/2022/9670-9674

Dated: 24/11/23

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 (South West-A) 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.

24/11/23

(BIMLA KUMARI)
Additional Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi