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

No. F. DE. .15 (94)/PSB/2024/2464-2469 **Dated:** 22/05/24

Order

WHEREAS, **Delhi Public School (School ID- 1821185),**Phase- I, Sector-3, Dwarka, New Delhi,(hereinafter referred to as the" **School"**), run by the **Delhi Public School 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 running on the land allotted by the Government on the recommendation of the DoE. Therefore, 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, every school is required to file a full statement of fees every year before the ensuing academic session under section 17(3) of the DSEAR, 1973 (hereinafter referred to as "**the Act**") with the Directorate. Such statement is required to indicate estimated income of the school to be derived from fees, estimated current operational expenses towards salaries and allowances payable to employees etc. in terms of Rule 177(1) of the DSEAR, 1973(hereinafter referred to as "**the Rules**").

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 DSEA&R, 1973, responsibility has been conferred upon to the DoE to examine the audited financial Statements, books of accounts and other records maintained by the school at least once in each financial year. Sections 18(5) and 24(1) and rule 180 (3) of DSEAR, 1973 have been reproduced as under:

Section 18(5): *'the managing committee of every recognised private school shall file every year with the Director such duly audited financial and other returns as may be prescribed, and every such return shall be audited by such authority as may be prescribed'*

Section 24(1): *'every recognised school shall be inspected at least once in each financial year in such manner as may be prescribed'.*

Rule 180 (3): *'the account and other records maintained by an unaided private school shall be subject to examination by the auditors and inspecting officers authorised by the Director in this behalf and also by officers authorised by the Comptroller and Auditor-General of India. '*

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Thus, the Director (Education) has the authority to examine the full statement of fees submitted 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.

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 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, 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 *v.* 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 school.....

.....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 judgment dated 19.01.2016 in writ petition No. 4109/2013 titled Justice for All versus Govt. ofNCT of Delhi and Others, has reiterated the aforesaid directions of the Hon'ble Supreme Court and has directed the DoE to ensure compliance of terms, if any, in the letter of allotment regarding the increase of the fee by recognized unaided schools to whom land has been allotted by DDA/ land owning agencies.

AND WHEREAS, accordingly, the DoE vide Order No. F.DE.-15(40)/PSB/2023/1964-1972 dated 01.03.2023, directing 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 2023-24.

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AND WHEREAS, in pursuance to OrderNo. DE.-15(40)/PSB/2023/1964-1972 dated 01.03.2023 of the DOE, the School submitted its proposal for enhancement of fee for the academic session **2023-24**. Accordingly, this Order dispenses the proposal for enhancement of fee submitted by the School for the academic session **2023-24.**

AND WHEREAS, in order to ensure that the proposals submitted by the schools for fee increase are justified or not, this Directorate has deployed teams of Chartered Accountants at HQ level. The CA team have evaluated the fee increase proposals of the School very carefully in accordance with the provisions of the DSEA, 1973, the DSER, 1973 and other orders/ circulars issued from time to time by this Directorate for fee regulation.

AND WHEREAS, in the process of examination of fee hike proposal filed by the aforesaid school for the academic session 2023-24, necessary records and explanations were also called from the school through email dated26th February, 2024. Further, the school was also provided an opportunity of being heard on 5th April, 2024to 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.D.E.15(162)/PSB/2021/2968-2972 dated 16.08.2021issued 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 fee hike and subsequent documents submitted by the school as a result of the personal hearing, were evaluated thoroughly by the team of Chartered Accountants. After evaluation of fee increase proposal of the school and its subsequent clarifications and submissions, following key suggestions for improvement were noted:

A. Financial Suggestions for Improvement

1. Order No.F.DE-15/Act-I/WPC-4109/Part/13/16250-254 dated 22.06.2017 issued post evaluation of fee increase proposal for academic session 2016-17, Order No. F.DE-15(98)/PSB/2019/1458-1462 dated 07.02.2019 issued post evaluation of fee increase proposal for academic session 2017-18, Order No. F.DE-15(161)/PSB/2021/2998-3002 dated 16.08.2021 issued post evaluation of fee increase proposal for academic session 2018-19 and Order No. F.DE-15(161)/PSB/2021/2968-72 dated 16.08.2021 issued post evaluation of fee increase proposal for the academic session 2019-20 wherein, the School was given certain directions to ensure compliance before submitting the fee increase proposal for the ensuing financial year which is still pending for compliance. Because the school has challenged the aforesaid order in the Hon'ble High Court of Delhi vide Writ Petition No. W.P. (C) 8970 of 2017, W.P. (C) 12254 of 2022, W.P. (C) 12232 of 2022, and W.P. (C) 11653 of 2022 respectively the matter is sub-judice before the Hon'ble High Court. Therefore, the impact of compliance or non-compliance of the direction mentioned in the aforesaid orders dated

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22.06.2017, 07.02.2019, and 16.08.2021 andhas not been considered while evaluating the fee increase proposal for the academic session 2023-24.

2. As per the condition of Land allotment letter, the School shall not increase the rate of any fee without prior sanction of the Directorate of Education and shall follow the provisions of Delhi Education Act/ Rules, 1973 and other instructions issued by this Directorate from time to time. And accordingly, The Directorate of Education sought online proposals from the Schools which were allotted land by Land owning agencies having condition of obtaining prior approval from the Directorate of Education vide Order No. F.DE-15/ACTI/WPC-5256/16/93521-9359 dated 16.04.2016.

Clause 9 of Order No 1978 dated 16.04.2010 states, "School shall not introduce any new head of accounts or collect any fee thereof other than those permitted". And Fee/Funds collected from the parents /students shall be utilized strictly in accordance with Rules 176 and 177 of the DSER- 1973.

Clause 19 of Order No. F.DE.115(56) /Act/ 2009/ 778 dated 11.02.2009 states that 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 curricular activities. All fee charged in excess of the amount so determined or determinable shall be refunded to the students/ parents within 15 days of the issue of this order'.

Clause 21 of Order No. F.DE115(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 the 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 14 of Order No. F.DE./15(56)/Act/2009/778 dated is 11.02.2009 states "Development fee, not exceeding 15% of the total annual tuition fee may be charged for supplementing the resources for purchase, up gradation and replacement of furniture, fixtures and equipment. Development fee, if required to be charged, shall be treated as capital receipt and shall be collected only if the school is maintaining 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."

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Further, the Directorate of Education vide Order No. DE 15/Act/Duggal.com/203/99/23033-23980 dated 15.12.1999, indicated the head of Fee that recognised private unaided school can collect from the students/ parents is as under:

- Registration Fee
- Admission Fee
- Caution money
- Tuition fee
- Annual. Charges
- Earmarked levies
- Development fee

Further, as per Order No..F.DE./15(56)/Act/2009/778 dated 11.02.2009 and DE 15/Act/Duggal.com/203199123033-23930 dated 15.12.1999, the fee and fund collected from the students can be utilised as under:

Registration Fee and Admission Fee: Registration fee of Rs. 25 per student and admission fee of Rs. 200 per student collected at the time of admission of the students are immaterial heads of income for school.

Caution Money: It is not an income of the school, but a deposit/ liability which is to be refunded at the time of students leaving the school.

Tuition Fee: It is required to be determined so as to cover the standard cost of establishment including terminal benefits including expenditure of revenue nature concerning curricular activities.

Annual Charges: Annual charges are expected to cover all revenue expenditure thatare not included in tuition fee and overhead and expenditure on playgrounds, sports equipment, cultural and other co-curricular activities as distinct from curricular activities of the school

Earmarked Levies: Earmarked levies are required to be charged from the user students only. Earmarked levies for the services rendered are to be charged on no profit no loss basis in respect of facilities provided to the user students involving additional expenditure in provision of the same.

Development Fee: It is to be treated as capital receipts and utilised towards purchase, upgradation and replacement of furniture, fixture and equipment.

As per Order No. F.D.E. (162)/PSB/2021/2968-72 dated 16/08/2021 issued for academic session 2019-20 it was noted that on examination of documents submitted by the school post personal hearing, the school explained that it has stopped the collection of "Development

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Fee" w.e.f. FY 2013-14 because it has limited use as per clause 14 of the order dated 11.02.2009. While on review of the fee structure submitted by the school, it has been observed that school has introduced new component in its annual charges, named as "Operational Charges" equivalent to an amount of Development Fee so that it could be utilised freely. Thus, the school has not stopped collecting Development Fee rather it has just changed the nomenclature of its collection as "operational charges" with clear intention to utilise this collection freely as per its discretion. Thus, the claim of the school that it has stopped the collection of development fee is not correct because the school is continuously collecting the amount of development fee from the students with different name i.e. 'Operational Charges'.

The recommendation of the Duggal Committee clearly indicates that all revenue expenditures of the school should be met either from tuition fee or from annual charges depending on nature of expense whereas the capital expenditure in the form of furniture and fixtures and equipment should be met out of the development fee and not from tuition fee.

Similar observation was also noted in the previous Order No. F.DE.15(98)/PSB/2019/1458-1462 dated 07.02.2019 issued post evaluation of fee increase proposal for academic session 2017-18 and which is still pending for compliance.

As per Order No. F.D.E. (162)/PSB/2021/2968-72 dated 16/08/2021, pertinent to the academic session 2019-20, it was observed that the school had been applying operational charges instead of a development fund. However, upon review, it was found that the facility expansion fund, initiated by the school in 2015-16, had been terminated, and a development fee category had been introduced in its place.

3. As per clause 2 of 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 judgment 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/21Q243/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 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

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capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely award of scholarships to students, establishment of any other recognised school, or assisting any other school or educational institution, not being a college, under the management of the same society or trust by which the first mentioned school is run

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.

Accordingly, based on the aforementioned public notice, High Court Judgment and provisions of Rules 177 of DSER, 1973, the cost relating to land and construction of the school building has to be met by the society, being the property of the society and school funds i.e. fee collected from students is not to be utilised for the same.

As per Directorate's Order No. F.DE.15(98)/PSB/2019/1458-1462 dated 07.02.2019 issued post evaluation of fee increase proposal for academic session 2017-18, the school was directed to recover INR 62,03,828 from society for the expenditure incurred by the school fixing of MS railing and gate and renovation of toilets. Post personal hearing, the school's reply that "Society does not have any source of income and hence the society can't absorb all these big spending" was taken on record. and as per Directorate's Order No.F.D.E.15(162)/PSB/2021/2968-2972 dated 16.08.2021 issued post evaluation of fee increase proposal for academic session 2019-20, the school further made an addition of Rs. 2,85,376 to the building in FY 2017-18 and incurred Rs.47,46,655 under the head of Capital Work Progress as on 31.03.2019 without complying with the above-mentioned provisions.

Further, review of audited financial statements for FY 2020-21 to FY 2022-23 revealed that the school has made addition to the building by INR 3,34,28,000 during FY 2021-22 and INR 2,75,00,000 during FY 2022-23, it has also been noted that the above expenditure was incurred by the school before meeting the statutory liability towards employee benefits i.e. before making an investment that qualify as 'Plan Assets" as required by AS-15 "Employee Benefit" issued by the Institute of Chartered Accountants of India

Based on above-mentioned provisions, the amounts totaling to Rs.7,21,63,859 (INR 62,03,828 + INR 2,85,376 +INR 47,46,655+ INR 3,34,28,000+ INR 2,75,00,000) incurred by the school on addition to building and towards capital work in progress, are recoverable from the society being the property of the society. Therefore, the aforesaid recovery has been included in the calculation of available fund of the school with the direction to the school to recover this amount from the society within 30 days from the date of issue of this order.

It has also been noted that the school has started amortization of lease hold land from FY 2015-16 over the period of lease hold land. Since, land was originally allotted to the society and not the school. Therefore, the cost of land and amortization cost should be reflected in the books of the society and not in the books of the school being the original allottee of land by the land owing agencies. The same observation was also noted in the Director's Order No. F.DE.15(98)/PSB/2019/1458-1462 dated 0702.2019 issued post evaluation of fee increase proposal for academic session 2017-18 and Order No.F.D.E.15(162)/PSB/2021/2968-2972 dated 16.08.2021 issued post evaluation of fee increase proposal for academic session 2019-20 wherein the school was directed to pass necessary adjustment entry in its books of accounts with respect to lease hold land and amortization cost.

Further as per Order No.F.D.E.15(162)/PSB/2021/2968-2972 dated 16.08.2021 issued post evaluation of fee increase proposal for academic session 2019-20, the reply submitted by school post personal hearing were taken on record wherein the school mentioned that "It should be noted that at the end the land is used for constructing a school for spreading the education. And once the school is fully operational, all assets and liabilities are shown in the books of accounts of the school only. **Moreover, school has paid the amount eventually for this land.** Hence, it is logical to show the land as capital assets in the books of the school. Similarly, the amortization of the lease will happen only in the school books. The same has been audited every year by the statutory auditors and internal auditors".

The Hon'ble Supreme Court of India in its Judgment dated 27.04.2004, in civil appeal no. 2699 of 2001 (Modern vs Union of India and Ors) and 11 connected Civil Appeals held that Director (Education) is authorized to regulate the fee and other charges to prevent commercialization of education and has the authority to regulate the fee under section 17(3) of the Act. Further, on reading of Rule 172, 175 and Rule 177 of DSER, 1973, it is clear that appropriation of savings (income) is different from transfer of funds, the management is restrained from transferring any amount from the recognized unaided school fund to society or the trust or any other institution and there is no conflict between Rule 177 and Clause 8 of Director of Education Order dated 15.12.1999

Clause 8 of Order No. DE 15/ Act/ Duggal.Com /203 199/23033-23980 dated 15.12.1999, Clause 23 of Order No. F,DE./15(56)/Act/2009/778 dated 11.02.2009 and Section 18(4) of DSEA, 1973 read along with Rule 176 and 177 of Delhi School Education Rules, 1973 states

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"Fees/funds collected from the parents/students shall be utilized strictly in accordance with rules 176 and 177 of the Delhi School Education Rules, 1973. No amount whatsoever shall be transferred from the recognized unaided school fund of a school to the society or the trust or any other institution."

The above position was subsequently amended through Judgment of the Supreme Court in the matter of Action Committee, Un-Aided Pvt, Schools & Ors. vs Director of Education, Delhi & Ors. on 07.08.2019, whereby words "except under the management of the same society or trust" were added to the last sentence of the above para. Thus, the sentence has to be read as follows; "No amount whatsoever shall be transferred from the recognized unaided school fund of a school to the society or the trust or any other institution except under the management of the same society or trust."

Accordingly, schools cannot transfer any amount from the school fund to the society or any other institution for any purpose whatsoever, including towards cost of land and building/ capital projects.

Further, review of audited financial statements for FY 2020-21 to FY 2022-23 revealed that the school has made payment towards Interest on Loan (Loan amount 4 Crores) amounting to INR 56,31,288 taken for Capital projects from DPS International of Loan :

Financial Year	**Interest charged during the year**
2020-21	14,91,288
2021-22	21,60,000
2022-23	19,80,000
Total	**56,31,288**

In view of the above provisions and based on the reply submitted by the school wherein the school has admitted that it has paid to society for the cost of land, tantamount to diversion of school fund. Accordingly, total payments of Rs. 4,02,43,963 made by the school towards cost of land and towards Interest on Loan for capital Projects of INR 56,31,288 is recoverable from the society and has been included the calculation of available fund of the school with the direction to the school to recover this amount from the society within 30 days from the date of issue of this order. The school is further, directed to pass the necessary adjustment entry in its books of account for the amortization of land and submit the compliance report within 30 days from the date of issue of this order.

4. Clause 22 of Order No. F.DE /15(56)/ Act12009/778 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."

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

Rule 176 - 'Collections for specific purposes to be spent for that purpose' of the DSER, 1973 states "Income derived from collections for specific purposes shall be spent only for such purpose,"

Sub-rule 3 of Rule 177 of DSER, 1973 states "Funds collected for specific purposes, like sports, co-curricular activities, subscriptions for excursions or subscriptions for magazines, and annual charges, by whatever name called, shall be spent solely for the exclusive benefit of the students of the concerned school and shall not be included in the savings referred to in sub-rule (2). Further, Sub-rule 4 of the said rule states "The collections referred to in sub-rule (3) shall be administered in the same manner as the monies standing to the credit of the Pupils Fund as administered."

Also, earmarked levies collected from students are a form of restricted funds, which, according to Guidance Note-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.

On review of audited financial statements submitted by the school, it has been noted that the school charges earmarked levies in the name of transport fee, exam/assignment fee, science fee, computer fee, other fee- trip/tour and excursion, other activity fee — NIE/NTSS/STSC, Almanac fee andVirtual/Smart Classroom fee (Online Education Fee) but has not maintained separate fund accounts for these earmarked levies and the school 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. Details of surplus generated or deficit incurred out of these earmarked levies during FY 2015-16 to 2017-18 are as under:

Surplus/ Deficit on Earmarked Levies

Amount in INR (Lakhs)

Particulars	Examination Fee	Board Examination Fee	Transport Fee	Almanac Fee
FY 2020-21				

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Income	-	12.98	-	3.21
Expenditure	17.46	12.98	16.42	6.32
Surplus/ Deficit	**(17.46)**	**-**	**(16.42)**	**(3.11)**
FY 2021-22				
Income	0.25	11.43	5.25	2.93
Expenditure	21.87	11.42	9.49	3.02
Surplus/ Deficit	**(21.62)**	**0.01**	**(4.24)**	**(0.09)**
FY 2022-23				
Income	8.67	11.15	384.23	58.90
Expenditure	44.01	11.17	377.82	41.22
Surplus/ Deficit	**(35.34)**	**(0.02)**	**6.41**	**17.68**
Total Surplus/ Deficit	**(74.42)**	**(0.01)**	**(14.25)**	**14.48**

Particulars	**Virtual Class Fee**	**Science Fee**	**Computer Fee**	**Trip/ Tour/ Exc.**	**NIE surplus/ NTSC/STSC**
FY 2020-21					
Income	60.62	-	-	50.66	-
Expenditure	8.64	0.01		50.66	-
Surplus/ Deficit	**51.98**	**(0.01)**	**-**	**-**	**-**
FY 2021-22					
Income	77.48	-	-	-	-
Expenditure	10.97	0.13		-	-
Surplus/ Deficit	**66.51**	**(0.13)**	**-**	**-**	**-**
FY 2022-23					
Income	106.19	2.84	1.14	29.56	9.37
Expenditure	23.08	1.01	-	28.25	9.28
Surplus/ Deficit	**83.11**	**1.83**	**1.14**	**1.31**	**0.09**
Total Surplus/ Deficit	**201.60**	**1.69**	**1.14**	**1.31**	**0.09**

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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 of the school, a separate charge cannot be levied towards this 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 ofexam/assignment fee, science fee, computer fee, other fee- trip/tour and excursion, other activity fee — NIE/NTSS/STSC, Almanac fee and Virtual/Smart Classroom fee (Online Education Fee) from all the students loses its character of earmarked levy. Thus, the school is directed not to charge exam/assignment fee, science fee, computer fee, other fee- trip/tour and excursion, other activity fee — NIE/NTSS/STSC, Almanac fee and Virtual/Smart Classroom fee (Online Education Fee) as earmarked fee with immediate effect and should incur the expenses relating to these from tuition fee and/or annual charges. Similar directions were also given Order No. F. .D.E.15(162)/PSB/2021/2968-2972 dated 16.08.2021 dated 16.08.2021 issued post evaluation of fee increase proposal for academic session 2019-20.

Accordingly, the school is again directed not to charge exam/assignment fee, science fee, computer fee, other fee- trip/tour and excursion, other activity fee — NIE/NTSS/STSC, Almanac fee and Virtual/Smart Classroom fee (Online Education Fee) as earmarked fee with immediate effect. Failure to comply with this order shall be dealt in accordance with the provisions of section 24(4) of DSEA, 1973.

The school is also directed to maintain separate fund account depicting clearly the amount collected, amount utilised and balance amount for each earmarked levy collected from the students. Unintentional surplus/deficit, 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 in the subsequent proposal of fee increase by ensuring that the proposed levies are calculated on no-profit no-loss basis and not to include fee collected from all students as earmarked levies.

5. As per AS-15 'Employee Benefit' issued by ICAI. An entity should determine the present value of defined benefit obligations and their fair value of any plan asset so that the amounts recognised in the financial statement do not differ materially from the amounts that would be determine at the balance sheet date.

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Further, according to para 7.14 of the Accounting Standard 15 — 'Employee Benefits' issued by the Institute of Chartered Accountants of India, *"Plan assets comprise:*

a) Assets held by a long-term employee benefit fund; and

b) Qualifying insurance policies."

The financial statements of the school revealed INR 19,47,30,000 towards provision for gratuity and INR 7,31,77,000 towards provision for leave encashment as on 31.03.2023based on the actuarial valuation report. However, the school has not deposited any amount with LIC (or any other agency) as instructed by the DOE Order No. F.DE-15/Act-IANPC-4109/Part/13/16250-254 dated 22.06.2017 issued post evaluation of fee increase proposal for academic session 2016-17 and Order No. F.DE.15(98)/PSB/2019/1458-1462 dated 07.02.2019 issued post evaluation of fee increase proposal for academic session 2017-18and Order No. F. .D.E.15(162)/PSB/2021/2968-2972 dated 16.08.2021 dated 16.08.2021 issued post evaluation of fee increase proposal for academic session 2019-20.

Accordingly, provision for gratuity and leave encashment have not been considered in the calculation of fund position of the school.

The school is again directed to make investment that qualify as 'Plan Assets', equivalent to total liability determined by the actuary, within 30 days from the date of issue of this order. Non-compliance with this direction will be viewed seriously while evaluating the fee increase proposal for the subsequent financial year.

6. Clause 7 of Order No. DE 15/Act/Duggal.com1203199/23033-23980 dated 15 Dec 1999 states "development fee, not exceeding 15% of the total annual tuition fees 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 depreciation reserve fund, equivalent to the depreciation charged in the revenue accounts and the collections under this head along with income generated from the investment made out of this fund, will be kept separately maintained development fund account". This clause was upheld by the Supreme Court in the matter of Modern School vs Union of India & Ors through its judgment dated 27 April 2004 and was also reiterated by the Directorate in Clause 14 of Order No. F.DE. /15(56)/Act/2009/778 dated 11.02.2009.

   Also, Rule 177 of DSER, 1973 states "Income derived by an unaided recognised school by way of fees shall be utilised in the first instance, for meeting the pay, allowances and other benefits admissible to the employees of the school. Provided that, savings, if any, from the fees collected by such school may be utilised by its management committee for

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meeting capital or contingent expenditure of the school, or for one or more of the following educational purposes, namely award of scholarships to students, establishment of any other recognised school, or assisting any other school or educational institution, not being a college, under the management of the same society or trust by which the first mentioned school is run

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.

Further, as per clause 8 of order dated 15.12.1999, fees/ funds collected from the parents/ students shall be utilised strictly in accordance with rules 176 and 177 of DSER, 1973. No amount whatsoever shall be transferred from the recognised unaided school fund of school to the society or trust or any other institution.

In accordance with Order No. F.D.E. (162)/PSB/2021/2968-72 dated 16/08/2021 issued for academic session 2019-20, it was noted that the school has transferred Rs.2,00,00,000 during financial year 2017-18 out of development fund to purchase capital items for Human Resources Development Centre (HRD Centre). Accordingly, the above transfer was not in accordance with above-mentioned provisions. In this regard the school had submitted a legal opinion to substantiate the validity of such transfer.

It is quite surprising to mention here that on the one hand, the school has been submitting online fee increase proposal from financial year 2016-17 to the Director (Education) seeking increase in fee on the grounds that school do not have sufficient funds even to pay salaries to its staff. On the other handthe school has transferred Rs. 5,00,00,000 to build Human Resources Development Centre (HRD Centre) before making all the payments as per provisions of Rule 177 of DSER, 1973. This clearly depicts that the school is intentionally diverting the school funds so that it could exhaust all its surplus accumulated by the school over the year then it could get the fee

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increase from the Director (education). This is clear example of profiteering and commercialization of education.

The Hon'ble Supreme Court in its Judgment dated 02.05.2016 in the matter of Modern Dental College and Research Centre Vs. State of Madhya Pradesh [Medical Council of India] held that education is a noble profession. It emphasized that the commercialization and exploitation is not permissible in the education sector and institutions must run on 'no profit – no loss' basis". The Hon'ble Supreme Court categorically held that "Though education is now treated as an 'occupation' and thus, has become a fundamental right guaranteed under Article 19(1) (g) of the Constitution, at the same time shackles are put in so far as this particular occupation is concerned, which is termed as noble". Therefore, profiteering and commercialization are not permitted.

Accordingly. the above transfer of Rs.2,00,00,000 is recoverable from the society and therefore, has been included in the calculation of fund availability of the school with the direction to the school to recover this amount from society within 30 days from the date of issue of this order and to pass the necessary adjustment entries in the development fund account.

7. As per Section 18(4) of DSEA, 1973 read with Rule 177 of DSER, 1973, Income derived by unaided schools by way of fees shall be utilised only for such educational purposes as may be prescribed.

As per Order No. F.D.E. (162)/PSB/2021/2968-72 dated 16/08/2021 issued for academic session 2019-20 and as per Order No. F.DE.15 (98)/PSB/2019/1458-1462 dated 07.02.2019 issued by the Directorate of Education for academic session 2017-18, the school was directed to recover INR 22,01,123 from the society towards the amount incurred by the school on purchase of car in FY 2014-15 and 2016-17. However, the school has not complied with the orders.

Accordingly, the school is once again directed to recover this amount from the society and therefore, INR 22,01,123 has been included in the calculation of fund availability of the school with the direction to recover this amount from the Society.

8. The school's financial statements for FY 2022-23 reveal an accumulation of INR 2501.95 Lakhs in the Development Fund as of March 31, 2023, with fixed deposits amounting to INR 1989.63 Lakhs. Notably, the collection of the development fund for

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the same period stands at INR 302.26 Lakhs, indicating an accumulation exceeding eight times the yearly collection.In this regard it is pertinent to mention that:

a) Clause 2 of Order No. 1978 dated 16.04.2010 states "All Schools to 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 allowances of the employees"

b) Clause 2 of Order No. F.DE./ 15(56) /Act/ 2009/ 778 dated 11.02.2009 states " All Schools must, first of all, explore the possibility of utilising the existing reserves to meet any shortfall in payment of salaries and allowances of employees"

c) Clause 3 of Order No. 1978 dated 16.04_2010 and Clause 11 of Order No. F. DE/ 15(56) /Act/ 2009/ 778 dated 11.02.2009 state that "The schools should not consider the increase in fee to be the only source of augmenting their revenue. They should also venture upon other permissible measures for increasing revenue receipts"

d) Clause 19 of Order No. F.DE. 115(56)/Act/2009/778 dated 11.02.2009 state "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."

e) 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."

Based on the provisions outlined above, the accumulation of funds seems to contravene the DSEAR, 1973, and other directives issued by the Directorate. The significant reserves, alongside request for fee hike, suggest a trend towards profiteering and commercialization within the school's financial practices. Consequently, the school is suggested to allocate its funds for educational purposes, in alignment with regulatory guidelines.

B. Other Suggestions for improvement

1. The As per Right to Education act, pupil teacher ratio for primary classes and upper primary classes should be 30: 1 and 35:1 respectively. Also, as per the affiliation bye-laws prescribed by Central Board of Secondary Education (CBSE), the student's teacher ratio

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should not exceed 30:1 and section teacher ratio must be 1:1.5 excluding principal, physical education teacher and counselor to teach various subjects.

The information collected from the school relating to number of total students and teachers have been tabulated below:

Particulars	**FY 2020-21**	**FY 2021-22**	**FY 2022-23**
Total Number of Students (A)	3388	3484	3486
Number of Teacher excluding Coach(B)	176	174	177
Students to teacher ratio (A/B]	19:1	20:1	20:1

From the above calculation, it has been observed that there is one teacher on every 19 or 20 students which is much higher than the standard prescribed by the CBSE and RTE Act. Hence, it seems that there is overstaffing of teaching staff in the school. Therefore, the school management is required look into this aspect and try to establish an equilibrium, without compromising the standard of education, between the standard prescribed by the CBSE and the existing student teacher ratio.

2. The school is not complying with the DoE Order No.F.DE.15/Act-1/08155/2013/5506-5518 dated 04.06.2012 as well as the conditions specified in the land allotment letter which require that the school should provide25% reservation for children belonging to EWS/DG category. Therefore, the school may be 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. Therefore, the concerned Deputy Director District is requested to ensure compliance in this regard by the school, the percentage of admission allowed to the school to EWS is provided below.

Particulars	**FY 2020-21**	**FY 2021-22**	**FY 2022-23**
Total Students	3,388	3,484	3,486
EWS Students	647	725	773
% of EWS students	19.10%	20.81%	22.17%

3. As per audited financial statements of the school, the auditor has used "Restriction on distribution and use " of its report paragraph which states “This report is addressed to the Chairman of Delhi Public School Society for submission to (i) the regulatory authorities, including Directorate of Education (DoE) at their request, as required by law or regulation and (ii) to DPS Society in connection with preparation of its Financial Statements in accordance with the accounting principles generally accepted in India for the Schools and in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India. This report should not be otherwise used or shown to or otherwise distributed to any other party for any other purpose except with our prior consent in

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writing. We neither accept nor assume any duty, responsibility or liability to any other party for any purpose other than stated purpose"

Similar observation was also noted in Order No.F.D.E.15(162)/PSB/2021/2968-2972 dated 16.08.2021 issued for academic session 2019-20 and Order No. F.DE.15 (98)/PSB/2019/1458-1462 dated 07.02.2019 issued for academic session 2017-18 and the school was directed to do away with the restriction on immediate basis so that financial statements can be used by the DoE.

As per Order No. F.D.E.15(162)/PSB/2021/2968-2972 dated 16.08.2021 it is noted that the school has got certificate from Statutory Auditors that the audited accounts can be shared by the school and Society with any Competent Authority including Department of Education.

Accordingly, audited financial statements have been used by the team of Chartered accountants for the purpose of evaluation of fee increase proposal of FY 2022-23.

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 availablewith the school for FY 2023-24 amounting to **INR 48,79,23,858** out of which the expected expenditure for FY 2023-24 is to be**INR 44,26,11,000**. This results in a net surplus of **INR 4,53,12,858** for the FY 2023-24. The details calculation is provided below::

Particulars	**FY 23-24 (INR)**
Cash and Bank balances as on 31.03.2023 as per Audited Financial Statement of FY 2022-23	13,41,000
Investments as on 31.03.2023 as per Audited Financial Statement of FY 2022-23 (Refer Note No. 1 Below)	26,87,85,550
Liquid fund as on 31.03.2023	**27,01,26,550**
Add: Fees for FY 2022-23 as per Audited Financial Statements (Refer Note No. 2 Below)	39,16,56,000
Less: Adjustment of Unauthorised fee hike for FY 2022-23 (Refer Note No. 2 Below)	(12,75,39,930)
Add: Other income for FY 2022-23 as per audited Financial Statements (Refer Note No. 3 Below)	1,63,23,000
Add: Recovery from Society of amount spent on Building as directed in previous order (Refer Financial Suggestion No. 3)	62,03,828
Add: Recovery from Society of amount spent on Building in FY 2017-18 (Refer Financial Suggestion No. 3)	50,32,031
Add: Recovery from Society of amount spent on acquisition of land (Refer Financial Suggestion No. 3)	4,02,43,963
Add: Recovery from Society of amount spent out of development fund on purchase of capital items to build up Human Resource Development Centre (Refer Financial Suggestion No. 6)	2,00,00,000
Add: Recover from Society of amount incurred by the school for purchase of Luxury Car (Refer Financial Suggestion No. 7)	22,01,123

Add: Recovery from Society against addition to Building during 21-22 & 22-23 (Refer Financial Suggestion No. 3)	6,09,28,000
Add: Recovery from Society against Interest on Capital Advance received from Inter Unit w.r.t. to Capital Projects (Refer Financial Suggestion No. 3)	56,31,288
Gross Available Funds for FY 2023-24	**69,08,05,853**
Less: Development Fund Balance as on 31.03.2023 (Refer Note No. 1 Below)	(19,89,63,014)
Less: Depreciation Fund Balance as on 31.03.2023 (Refer Note No. 4 Below)	-
Less: Fixed Deposit with Bank in the joint name of Secretary CBSE and Manager, Delhi Public School (Refer Note No. 1 Below)	(7,76,895)
Less: Fixed Deposit with Bank in the joint name of DDE and Manager, Delhi Public School (Refer Note No. 1 Below)	(18,80,791)
Less: JADSC (Delhi High Court) (Refer Note No. 1 Below)	(12,61,295)
Less: Investment made with LIC against provision made for retirement benefits (Refer Financial Suggestion **No. 5)**	-
Net Available Funds for FY 2023-24	**48,79,23,858**
Less: Budgeted expenses for FY 2023-24 (Refer Note 5 & Note 6)	(44,26,11,000)
Less: Arrears of 7th CPC	(0)
Net Surplus/(Deficit)	**4,53,12,858**

Note 1: The details of fixed deposits held by the school as per the audited financial statements of FY 2022-23 are provided below:

Particulars	**Amount (INR)**	**Remarks**
Development Fund- FDRs	19,89,63,014	Considered separately.
FDRs against 3 months' Salary Provision	6,33,04,747	Available to school for utilization.
FDR in the joint name of CBSE and Manager of School	7,76,895	Considered separately.
FDR in the joint name of Dy. Director and Manager of School	18,80,791	Considered separately.
FDRs against Scholarship Fund	17,84,676	Available to school for utilization.
JADSC (DHC)	12,61,295	Considered separately
FDRs against General Fund	5,06,364	Available to school for utilization.
Alumni Fund	3,07,768	Available to school for utilization.
Total	**26,87,85,550**	

Note 2: Upon reviewing the audited financial statements of FY 2022-23 and considering additional information provided by the school, it has been observed that the school generated fees income of INR 36,14,30,000 and Development fees of INR 3,02,26,000 it is assumed that the school will maintain at least this level of fee income for FY 2023-24.

Particulars	**Amount (INR)**
Tuition Fee	30,48,60,000
Admission Fee	99,000
Registration Fee	90,000
Annual Charges	5,63,81,000

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Development Fee	3,02,26,000

Fee Structure FY 2022-23

Class	Tuition Fees (Yearly)	Development Funds (Yearly)	Annual Charges (Yearly)
PS- VIII	1,15,200	11,500	25,810
IX- XII	1,15,200	11,500	25,810

Fee Structure FY 2015-16- Base Year*

The information is sourced from the Proposal for Enhancement of Fees, provided by the PSB Team, pertains to the academic session 2016-17, wherein the existing fees for 2015-16 were describedas evidenced by documents supplied by the school in support of the fee structure for 2015-16.

Class	Tuition Fees (Yearly)	Development Fund* (Yearly)	Annual Charges (Yearly)
PS- VIII	72,000	10,000	21,400
IX- XII	72,000	10,000	17,800

Excess fee collected for FY 2022-23			
No of fee Paying Students **	**Tuition Fees (Yearly)**	**Development Funds (Yearly)**	**Annual Charges (Yearly)**
1,806 (PS- VIII)	7,80,19,200	27,09,000	79,64,460
737 IX- XII	3,18,38,400	11,05,500	59,03,370
Grand Total			**12,75,39,930**

* In accordance with Order No. F.D.E. (162)/PSB/2021/2968-72 dated 16/08/2021, it was noted that the school had been levying operating charges rather than establishing a development fund. However, upon review, it became apparent that the facility expansion fund, which was originally set up by the school in 2015-16, had been terminated, and a development fee category had been substituted. Therefore, in our assessment and calculations, we have reclassified the facility expansion fund as development fees.

**Given that the school has reported an aggregate student count of 2543 for fee-paying students, this figure has been allocated between Classes PS-VIII and IX-XII according to the proportion of students observed during the 2021-22 academic session.

Upon examining the fee structure for the fiscal year 2022-23, along with the audited financial statements for the same period and supplementary information provided by the school, it has been identified that the school increased its tuition fees, annual charges, and development fees during the academic session 2022-23 without obtaining prior approval from the Department of Education (DOE), To address this, the unauthorized excess fee has been adjusted when calculating the Fund balance.

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Based on calculations considering the base year 2015-16, the amount in question is determined to be INR 12,75,39,930.

Note 3: Other income amounting to INR 2,47,53,000 as per Audited financial statements of FY 2022-23 has been considered while deriving the fund position of the school except the following:

Profit on sale of fixed assets (net)	4,04,000	Non- recurring in nature
Transfer from Restricted Fund	80,26,000	Non-Cash Item

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 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 the development fee or any other head of fee for investments against the 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 maintaining 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 5: The budget estimates provided by the school for FY 2023-24 has been aligned with the actual expenses incurred as per the audited Financial Statements of FY 2022-23. Below is a table detailing the budgeted expenditure categories and their corresponding restricted amounts:

Particulars	Budgeted	Disallowed	Remarks
Almanac	50,00,000	50,00,000	Neither Income nor expense has been considered on the assumption that earmarked levies are collected on no profit no loss basis.
Examination & Assignment	45,00,000	45,00,000	
Science lab expenses	4,00,000	4,00,000	
Virtual/ Smart class room	30,00,000	30,00,000	
Examination expenses	13,00,000	13,00,000	
Repair maintenance car/ van	4,00,000	4,00,000	
Repair maintenance school bus	7,75,000	7,75,000	
School bus running expenses	2,75,000	2,75,000	
School car/ van running exp.	4,50,000	4,50,000	
Bus hiring charges	3,84,50,000	3,84,50,000	
Audio/ visual	1,00,000	1,00,000	New head of expenditure proposed without justification
Electrical appliances	1,00,000	1,00,000	
Loss on sale/ damage of fixed assets	2,00,000	2,00,000	Non- Cash Item
Depreciation on Owned Assets	80,00,000	80,00,000	
Depreciation on Fund Assets	1,14,14,000	1,14,14,000	
Amortization of Leasehold Land	4,50,000	4,50,000	

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Gratuity Teaching staff	2,12,06,000	2,12,06,000	Refer Financials Suggestion No.5
Gratuity Administrative staff	15,00,000	15,00,000	
Gratuity Class IV staff	18,46,000	18,46,000	
Leave encashment Teaching staff	26,40,000	26,40,000	
Leave encashment Administrative staff	12,32,000	12,32,000	
Leave encashment Class IV staff	14,43,000	14,43,000	
Interest paid (others)(DPS Schools)	25,00,000	25,00,000	Refer Financials Suggestion No. 1
Salaries Teaching staff	29,69,02,000	85,68,900	Restricted to 110% of expenditure incurred in FY 2022-23
Provident fund contribution Teaching staff	2,86,54,000	12,61,800	
Provident fund contribution Class IV staff	22,11,000	6,600	
Provident fund contribution Admin charges	13,50,000	30,000	
L.T.C. Claim Teaching staff	4,00,000	1,39,300	
L.T.C. Claim Administrative staff	2,25,000	1,02,900	
L.T.C. Claim Class IV staff	3,00,000	2,83,500	
Other Employee Costs Liveries to class IV	3,00,000	1,31,700	
Other Employee Costs Staff Welfare	21,00,000	2,91,600	
Art/ handicraft	6,00,000	2,74,400	
Books/ newspaper/ periodical	1,00,000	3,200	
Function/ activity	20,00,000	9,70,400	
Insurance scheme (students)	1,10,000	17,600	
Registration	2,50,000	2,23,600	
Reimbursement of Fee	12,00,000	51,600	
Sports/ activity	2,50,000	1,04,800	
Workshop exp.	1,00,000	97,800	
Advertisement	2,15,000	59,900	
Audit fee	16,00,000	1,72,200	
Computer software	10,00,000	2,03,600	
Electricity & water expenses	85,00,000	8,45,100	
Insurance premium- vehicles	3,50,000	47,500	
Local conveyance	3,00,000	2,47,200	
Printing & Stationary expenses	10,00,000	1,67,300	
Computers	5,00,000	1,61,200	
Electrical Installation	1,00,000	97,800	
Electrical Fittings	4,00,000	3,41,700	
Furniture & Fixtures	4,50,000	55,100	
Other assets	30,00,000	12,82,900	
Any other Expenses	7,00,000	1,68,700	

In reference to the Supreme Court's decision in the matter of Modern School, it has been established that development fees, intended for supplementing resources for the purchase, upgradation, and replacement of furniture, fixtures, and equipment, can be charged by recognized unaided schools. However, this should not exceed 15% of the total annual tuition fee.

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Furthermore, as per the Directorate's circular no. 1978 dated 16 Apr 2010, schools are mandated to explore and exhaust the possibility of utilizing existing funds/reserves to meet any shortfall in payment of salary and allowances due to an increase in employee salaries and allowances. The circular also emphasizes that part of the reserve fund, which has not been utilized for several years, may be used to meet the shortfall before proposing a fee increase.

Based on the above guidelines and observations, the excess fee budgeted receipts against development expenses, amounting to INR 1,41,87,000 have been considered as free reserve available with the school. This reserve can be utilized by the school to meet any financial implications without necessitating a fee increase.

Note 6: While evaluating the fee hike proposal, department considers that how much liquid funds would the school require 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.

In view of the above examination, it is evident that the school has adequate funds for meeting all the operational expenditures for the FY 2023-24. In this regard, the directions issued by the Directorate of Education vide circular no. 1978 dated 16.04.2010 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 lightof 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 instructions against which have been given in this order), that the sufficient fund are available with the school to carry out its operations for the academic session 2023-24.

AND WHEREAS, the fee proposal of the school along with relevant materials were put before the Director of Education for consideration and who after considering all the material on the record, and after considering the provisions of section 17(3), 18(5), 24(1) of the DSEA,1973 read with Rules 172,173,175 and 177 of the DSER,1973 has found that sufficient funds are available with the school for meeting financial implication for the academic session 2023-24.Accordingly, the fee increase proposal of the school is rejected.

AND WHEREAS, the act of the school of charging unwarranted fee or any other amount/fee under head other than the prescribed head of fee and accumulation of surplus fund thereof tantamount to profiteering and commercialization of education as well as charging of capitation fee in other form.

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

Accordingly, it is hereby conveyed that the proposal for fee increase of**Delhi Public School (School ID- 1821185), Phase- I, Sector-3, Dwarka, New Delhi**isrejected by the Director of Education.

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

1. Not to increase any fee in pursuance to the proposal submitted by school on any account for the academic session 2023-24 and if the fee is already increased and charged for the academic session 2023-24, the same shall be refunded to the parents or adjusted in the fee of subsequent months.

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.

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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.

Patil Pranjal LahenSingh
Additional Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi

To
The Manager/ HoS
Delhi Public School (School ID- 1821185),
Phase- I, Sector-3, Dwarka, New Delhi
No. F. DE.15(94)/PSB/2024/2464-2469 Dt: 22/05/24

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-I) ensure the compliance of the above order by the school management.
4. DE's nominee concerned.
5. In-charge (I.T Cell) with the request to upload on the website of this Directorate.
6. Guard file.

Patil Pranjal LahenSingh
Additional Director of Education
(Private School Branch)
Directorate of Education, GNCT of Delhi