

so that when the returns were requisitioned by the Committee, the same were submitted by the school under cover of its letter dated 03/02/2012 to the Dy. Director of Education. Even at this stage, the financials of the school were not submitted and the Dy. Director also did not bother to see as to what documents were being sent to the Committee and whether they were complete or not. The Committee had to bring this fact to the notice of the school vide its letter dated 09/03/2012 and only then the school relented and sent its financials for five years.

Preliminary examination of the financials of the school was carried out by the Chartered Accountants detailed with this Committee. As the school claimed to have implemented the VI Pay Commission Report and also increased the tuition fee w.e.f. 01/09/2008, the audited balance sheet of the school as on 31/03/2008 was taken as the basis for calculation of the funds available with the school for the purpose of implementation of the VI Pay Commission Report. As per the preliminary calculations made by the CAs detailed with the Committee, the funds available with the school as on 31/03/2008 were to the tune of **Rs. 2,67,13,282**. The arrears of VI Pay Commission paid to the staff were **Rs. 1,45,76,531**. The arrears of fee recovered from the students was **Rs. 59,25,000**. The additional burden on account of increased salary due to implementation of VI Pay Commission from 01/09/2008 to 31/03/2010 was **Rs. 1,24,48,668**. The incremental revenue of school



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on account of increase in fee from 01/09/2008 to 31/03/2010 was **Rs. 1,83,84,500**. The school was, therefore, served with a notice dated 21/01/2013 for providing it an opportunity of hearing by the Committee on 20/02/2013 and for enabling it to provide justification for the hike in fee.

On the date of hearing, Sh. Balwant Singh, Accounts Officer and Sh. G. Hazra, Administrative Officer of the school appeared with Sh. Alok K. Mittal, Chartered Accountant and authorized representative. They were provided with the preliminary calculations prepared by the CAs detailed with the Committee and were heard by the Committee on such calculations. After checking the calculations, the representatives of the school pointed out certain discrepancies in the calculations. A Chart showing the arrear fee recovered was also filed by the school. The remaining calculations of the CAs attached with the Committee were not disputed. However, it was contended that the accrued liability of gratuity should be taken into account while working out the available funds. The hearing was concluded on that date. However, the school was given liberty to submit details of the liability towards gratuity. Vide letter dated 20/02/2013, the school was also requested to provide details regarding collection and utilisation of development fee, its treatment in the accounts and also to inform whether separate development fund account and depreciation reserve fund account were maintained or not. Vide letter dated 25/02/2013, the school submitted its own calculations of funds



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available as also details of accrued liability of gratuity as on 31/03/2010. With regard to development fee, it was submitted that during 2009-10, a sum of Rs. 87,95,962 was recovered as development fee while the corresponding figure for 2010-11 was Rs. 1,01,77,365. It was stated that the development fee was treated as a revenue receipt and was utilized for routine repair and maintenance of fixed asset and also for acquiring new assets. Further, no separate accounts were maintained for development fund and depreciation reserve fund.

Submissions:-

By submitting a revised calculation sheet, the school seeks to submit as follows:

- (i) The current assets + investments taken by the CAs attached with the Committee at Rs. 3,54,94,993 are not disputed.
- (ii) A sum of Rs. 42,78,939 representing PTA funds and caution money deposits has not been taken into account as a liability.
- (iii) The school has to retain funds to the tune of Rs. 56,63,761 for discharging the accrued liability of gratuity.
- (iv) The arrears of VI Pay Commission were Rs. 1,50,93,287 instead of Rs. 1,45,76,531 taken by the CAs.
- (v) The incremental salary for the year 2009-10 was Rs. 1,26,15,855 instead of Rs. 1,24,48,688 taken by the CAs.



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- (vi) The arrear fee recovered by the school was Rs. 72,82,500 and the incremental revenue on account of increased fee from 01/09/2008 to 31/03/2010 was Rs. 1,69,54,500 as against the corresponding figures of Rs. 59,25,000 and Rs. 1,83,84,500 taken by the CAs.

Discussion:

The Committee has examined the financials of the school, reply to the questionnaire, the preliminary calculations sheet prepared by the CAs detailed with the Committee, the submissions of the school and the calculations of available funds vis a vis the liability on account of implementation of VI Pay Commission, as submitted by the school.

Re.: Liability towards PTA fund and caution money

On perusal of the audited balance sheet of the school as on 31/03/2008, the Committee notes that the school had shown a sum of **Rs. 42,78,939** towards PTA fund and caution money under the head School Funds instead of under the head Liabilities. Probably for this reason, the CAs detailed with the Committee did not consider it as a liability. However, as caution money is definitely a liability to be refunded to the students at the time of leaving the school and the PTA fund cannot be used for payment of salary to teachers, the school has rightly claimed that these should be deducted from the funds



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available. The Committee therefore, accepts this contention of the school.

Re.: Accrued liability of gratuity

The Committee notes that the school has made a provision of Rs. 56,63,761 for accrued liability of gratuity as on 31/03/2008. This was not taken into account by the CAs detailed with the Committee on account of lack of information regarding the basis of provision. The school has submitted employee wise detail of gratuity as on 31/03/2010. Although the school has claimed a deduction of Rs. 56,63,761 representing gratuity accrued upto 31/03/2008, the Committee is of the view that while working out the extent of fee hike for the year 2009-10, the gratuity liability as on 31/03/2010 has to be considered and as the school ought to retain funds to the extent of such liability. The liability as on 31/03/2010 as reflected in its audited balance sheet was Rs. 1,09,61,978. The school has also submitted the employee wise detail of such liability which has been found to be in order by the Committee except for the provision of gratuity of the Principal of the school which has been shown as Rs. 4,91,164, when the ceiling of gratuity on the relevant date was Rs. 3,50,000. Hence the Committee is of the view that the provision is overstated to the extent of Rs. 1,41,164. Therefore, a sum of **Rs. 1,08,20,814** will be factored in while making the final determination.



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Re.: Arrears of VI Pay Commission

The Committee notes that while replying to the questionnaire, the school had mentioned both the figures of arrears of VI Pay Commission for the period 01/01/2006 to 31/03/2009. While the total arrears were shown at Rs. 1,50,93,287, the arrears paid upto March 2012 were shown at Rs. 1,45,76,531. The Committee is of the view that the arrears remaining to be paid amounting to Rs. 5,16,756 ought also be deducted as the liability has not ceased. The contention of the school, therefore, is accepted. The figure of **Rs. 1,50,93,287** will be factored in while making the final determination.

Re.: Incremental salary for the year 2009-10

The school's claim that the incremental salary for the year 2009-10 was **Rs. 1,26,15,855** instead of Rs. 1,24,48,688 taken by the CAs, is backed up by the audited Income & Expenditure Account. Moreover, the difference between the two figures is very nominal and therefore, the Committee accepts the claim of the school and the same will be considered while making the final determination.

Re.: Arrear fee and incremental fee recovered

The Committee finds that in fact the difference in amount stated by the school and that taken by the CAs, when taken in totality, is less than Rs. 1,00,000. As such the figures given by the school are taken to be correct and they should be considered while making the final determination:



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Re.: Reserve for future contingencies.

Although the school has not claimed any amount to be kept in reserve for future contingencies, the Committee has taken a consistent view that the entire funds of the school should not be considered as available for payment of arrears and increased salary on account of implementation of VI Pay Commission. The school ought to retain funds equivalent to 4 months salary for future contingencies. The monthly salary bill of the school after implementation of VI Pay commission was Rs. 34,73,560 for the month of April 2009. The Committee is of the view that the school ought to retain funds amounting to **Rs. 1,38,94,240**, representing 4 months' salary, for any future contingencies.

Determinations:**1. Tuition fee**

The funds available with the school as on 31/03/2008 are determined to be **Rs. 2,24,34,343** as follows:

Particulars	Amount (Rs.)
Funds available as per preliminary calculation sheet	2,67,13,282
Less deductions as discussed above: PTA fund and caution money	42,78,939
Net funds available	2,24,34,343

The school was required to retain a sum of **Rs. 2,47,15,054** for meeting its accrued liability for gratuity and for future contingencies. Since the funds determined to be



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available were less than the funds required to be kept in reserve, the Committee is of the view that the school did not have any funds available at the threshold for the purpose of implementation of VI Pay Commission and the school was required to hike the fee for such purpose. Whether the level of fee hike was justified or not, remains to be determined.

As per the foregoing discussion, the aggregate of arrear fee and incremental fee has been determined to be **Rs. 2,42,37,000**. As against this, the liability on account of arrears of VI Pay Commission and the incremental salary for 2009-10 was **Rs. 2,77,09,142**. Thus, the school actually recovered a smaller amount than was required to meet its liabilities arising out of implementation of VI Pay Commission Report. The shortfall was to the tune of **Rs. 34,72,142**.

Development Fee

The school fairly conceded that it was treating development fee as a revenue receipt instead of treating it as a capital receipt and further the school was not maintaining any development fund or depreciation reserve fund. These are the pre-conditions which have to be fulfilled by the school for charging development fee as per the recommendations of the Duggal Committee which were affirmed by the Hon'ble Supreme Court in the case of Modern School vs. Union of India & Ors. (2004) 5 SCC 583. The Committee is of the view that the



development fee charged by the school was not in accordance with the law laid down by the Hon'ble Supreme Court. As per its own submissions, the school recovered a sum of **Rs. 87,95,962** as development fee in 2009-10 and **Rs. 1,01,77,365** in 2010-11. These were unauthorized charges and liable to be refunded to the students.

Recommendations:

In view of the determinations made by the Committee as above, the school ought to refund a sum of **Rs. 1,55,01,185**, as mentioned here under, along with interest @ 9% per annum.

Development fee for 2009-10	Rs. 87,95,962	
Development fee for 2010-11	Rs.1,01,77,365	Rs.1,89,73,327
Less short fall in recovery of tuition fee		Rs. 34,72,142
Net amount refundable		Rs.1,55,01,185

Recommended accordingly.

Sd/-

Sd/-

Sd/-

Dr. R.K. Sharma
Member

CA J.S. Kochar
Member

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 21/05/2013



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Heera Public School, Samalka, Delhi-110041


In reply to the questionnaire sent by the Committee on 27/02/2012, the school vide letter dated nil, received in the office of the Committee on 03/04/2012, stated that it had implemented the recommendations of the VI Pay Commission w.e.f. January 2010 and payment of arrear has been kept on hold for want of resources. However, it also stated that the fee had been increased in accordance with order dated 11/02/2009 for some of the classes while increase in fees had been less or more in some other classes. On the basis of this reply, the school was placed in Category 'B'.

In order to verify the contention of the school, vide notice dated 21/01/2013, the school was required to appear before the committee for hearing and to produce its fee and accounting records on 20/02/2013.

On the appointed date of hearing, Sh. Harbans Singh Vats, Chairman, Sh. Satya Pal Suptd. and Sh. Parveen Kumar Lab. Asstt., appeared before the committee. They were heard. The records of the school were also examined.

After such examination, the committee is of the view that the claim of the school of having implemented the VI Pay Commission is a farce as on examination of the pay bill register it is manifest that since January 2010, when the school claims to have implemented the 6th Pay Commission, ad-hoc deductions have been made from the salaries of almost the entire staff. Further, the school was paying salaries either in cash or by bearer cheques. When confronted with this situation, **the representatives of the school conceded that the VI Pay commission had been implemented on papers only.**

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The school had hiked the fee in the following manner:

Class	Tuition fee in 2008-09 (Monthly)	Tuition fee in 2009-10 (Monthly)	Fee Increase in 2009-10 (Monthly)
I & II	440	530	90
III & IV	440	550	110
V & VI	470	570	100
VII & VIII	470	600	130
IX & X	650	750	100
XI Comm.	950	1150	200
XI Science	1050	1250	200
XII Comm.	950	1150	200
XII Science	1050	1250	200

From the above table it is very clear that the fee had been increased in accordance with order dated 11/02/2009. In classes III, IV, VII & VIII, the hike was even more than the maximum hike permitted.

In view of the foregoing facts, the Committee is of the view that the fee hiked by the school w.e.f. April 2009 was not justified as the school had not implemented the VI Pay Commission Report and has conceded that it has been implemented on papers only. Therefore, the fees increased w.e.f.01-04-2009, ought to be refunded along with interest @ 9% per annum. Since the fee hiked in 2009-10 is also part of the fee for the subsequent years, there would be a ripple effect in the subsequent years and the fee of the subsequent years to the extent it is relatable to the fee hiked in 2009-10 ought also to be refunded along with interest @ 9% per annum. Recommended accordingly.

Sd/-

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Sd/-

Justice Anil Dev Singh(Retd.)
Chairperson

DR. R.K.Sharma
Member

CA J.S. Kochar
Member

Dated:06.05.2013

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Good Luck Public School, Begumpur Extn.,

Barwala Road, New Delhi - 110 086

In response to the questionnaire issued by the Committee which was sent to the school by email on 27.02.2012, the school replied vide letter dt. 29.02.2012 that the school had implemented the 6th Pay Commission w.e.f. July, 2009 but had not increased the fee in terms of order dated 11-02-2009 of the Director of Education. Arrears of salary were not paid as arrear fee was not collected from the students. Alongwith the reply, the school enclosed copies of its salary statement of June 2009, showing total monthly salary of Rs.2,68,717 and that of July 2009 showing total salary of Rs.4,70,895. As the school claimed not to have increased its fee as per the order of the Director of Education, it was placed in Category 'C'.

In order to verify the claims of the school, it was directed vide notice dated 27.03.2012, to produce its fee, salary and accounting records on 02.04.2012. In response to the notice, Shri V.B. Aggarwal, C.A., appeared on behalf of the school. He requested for some time to produce the required records. He was directed to appear with all relevant records with proper authorization from the school Manager on 20.04.2012.

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On 20.04.2012, Shri V.B. Aggarwal, C.A., and Shri R.P. Ram, Member of the Managing Committee appeared and produced the records of the school. The records produced by the school were examined by Ms. Sunita Nautiyal, Audit Officer of the Committee. She observed that contrary to the claim of the school, it had hiked the tuition fee by Rs.100 p.m. and Rs.200 p.m. for different classes, in terms of order dated 11-02-2009 of the Director of Education. She also observed that the school had implemented 6th Pay Commission w.e.f. July, 2009 and that the additional burden on account of salary hike was Rs.2,02,178 p.m. while the additional revenue of the school on account of fee hike was Rs.73,700.

The Audit Officer placed her observations before the Committee. The Committee in its meeting on 02.05.2012 examined the observations of the Audit Officer and was of the view that the school ought to be transferred to Category 'B' so that proper calculations as regards availability of funds vis-à-vis impact of implementation of 6th Pay Commission report could be examined. Therefore, the case was transferred to "B" category.

However, during the course of a review of the pending cases, it appeared that the claim of the school of having implemented the 6th Pay Commission report was suspect and needed a fresh look.

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Accordingly, vide notice dated 27.05.2013, the school was directed to appear before the Committee on 21.06.2013 along with its fee, salary and accounting records.

On the appointed date of hearing, Shri R.P. Ram, Chairman, Shri V.B. Aggarwal, C.A. and Shri Mukesh Kumar, fee In-charge of the school appeared before the Committee. They were heard. The records of the school were also examined.

During the course of hearing, the representatives of the school were confronted with the copies of pay bills for June 2009 showing total monthly salary of Rs.2,68,717 and of July, 2009 showing total monthly salary of Rs.4,70,895 vis-à-vis the total salary expenditure for 2009-10 which amounted to Rs.31,26,896 as reflected in the Income & Expenditure A/c of 2009-10. It was pointed out by the Committee that if the salary bill of June 2009 was taken as representative of pre implementation monthly salary and that of July 2009 as representative of the post implementation monthly salary, the total salary expenditure for FY 2009-10 would be Rs.50.44 lacs while the expenditure as per the Income & Expenditure A/c was only Rs.31.26 lacs. Unable to find an answer, the school representatives conceded that the 6th Pay Commission had actually not been implemented and had been shown on paper to have been implemented only in the month of July, 2009. For the remaining eleven months, salary had been paid at the old rates. It was also conceded that the school did

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increase the fee in terms of the order dated 11-02-2009 of the Director of Education.

The Committee has examined the returns of the school, its reply to the questionnaire, the observations of the Audit Officer and the submissions made during the course of hearing.

The Committee finds that the school had hiked the fee in the following manner: -

Class	Tuition fee in 2008-09 (Monthly)	Tuition fee in 2009-10 (Monthly)	Fee hiked in 2009-10
I	480	580	100
II	500	600	100
III	520	720	200
IV	540	740	200
V	560	760	200
VI	580	780	200
VII	600	800	200
VIII	620	820	200
IX	640	840	200
X	660	860	200

The Committee is of the view that while its Audit Officer did well to discover the truth with regard to the fee hiked by the school as per the order dt. 11.02.2009 of the Director of Education, she wrongly relied upon the claim of the school of having implemented the 6th Pay Commission report at its face value.

As admittedly, the school had not implemented the 6th Pay Commission, there was no additional expenditure on account of salary hike which needed to be offset by the fee hike. In the

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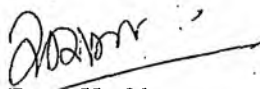
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For Secretary



circumstances, the Committee is of the view that the school was not justified in hiking the fee w.e.f. 2009-10 as permitted by the order dt. 11.02.2009 of the Director of Education and that too to the maximum extent which was much in excess of the tolerance limit of 10%. The Committee, therefore recommends, that the hike in tuition fee effected by the school in 2009-10 in excess of 10% ought to be refunded along with interest @ 9% per annum. As such unjustifiably hiked fee in 2009-10 is also part of the fee for the subsequent years, the fee of the subsequent years to the extent it relates to the fee of 2009-10 which the Committee has found to be unjustified, ought also be refunded alongwith interest @ 9% p.a.

Recommended accordingly.


DR. R.K. Sharma
Member


CA J.S. Kochar
Member

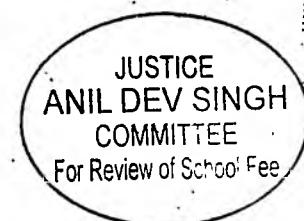
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For

Secretary



Puneet Public School, Vishwas Nagar, Delhi - 110 032

The school, vide its reply dt. 29.02.2012 to the questionnaire sent by the Committee by email, stated that it had only partly implemented the recommendations of the 6th Pay Commission with effect from 01.04.2011 and that no arrears of salaries accruing to the staff on account of retrospective implementation had been paid. However, it was also stated the school increased the fee only by 10% and not as permitted by the order dated 11.02.2009 issued by the Director of Education. On the basis of this reply, it was initially placed in Category 'C'.

In order to verify the contentions of the school, it was directed vide notice dated 23.03.2012, to produce its fee, salary and accounting records on 11.04.2012.

In response to the notice, Mr. Anuj Kumar, Accountant and Shri Yogendra Singh, Member of the Society of the School appeared before the Committee and produced the required records. The records produced by the school were examined by Ms. Sunita Nautiyal, Audit Officer of the Committee. She observed that the school had hiked the fee by Rs.100/- for all classes in 2009-10, which was in terms of order dated 11.02.2009 of the Director of Education in as much as the hike was to the tune of 14% to 22% for different classes which was contrary to the claim of the school that it had hiked the fee only to the extent of

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10%. The matter was placed before the Committee on 27.04.2012. The Committee examined the financials of the school, the school's reply to the questionnaire and the observations of the Audit Officer and was of the view that since the school claimed to have implemented the report of 6th Pay Commission, though partially, and it was found as a fact that the hike in fee effected by the school w.e.f. 2009-10 was beyond the tolerance limit of 10%, the fund position of the school needed to be examined and hence the school was transferred to Category 'B'. While scrutinizing the financials of the school for the availability of funds, the Committee felt that since the claim of the school was that it had partially implemented the 6th Pay Commission report w.e.f. 01.04.2011, its financials for FY 2011-12 were required to be examined. Accordingly, the same were called for, which the school submitted on 20.05.2013. However, on a prima facie examination of the financials of FY 2011-12, it appeared to the Committee that it had not even partially implemented the 6th Pay Commission.

In order to provide an opportunity of hearing to the school, a notice of hearing dated 27-06-2013 was issued to the school to appear before the Committee on 22-07-2013. As on examination of the financials of the school, the school was found to be charging Development fee also, besides tuition fee, a questionnaire eliciting information about the same was also issued. The hearing date was postponed to 23-07- 2013.

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For 
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On 23-07-2013, Shri M.C. Gupta, Chairman with Shri Yogender Singh, Member of the School appeared before the Committee and filed reply to the questionnaire regarding development fee.. The representatives of the school were heard.

Submissions

It was contented by the representative of the school that the school had partially implemented the 6th Pay Commission report w.e.f. April, 2011, but, the fee had been hiked in 2009-10 by Rs.100 per month, when it could have hiked the fee by Rs.200 per month in terms of order dated 11.02.2009 of the Director of Education. It was also conceded that with the hike in fee effected in 2009-10, the school could only pay the salaries as per 5th Pay Commission which hitherto was not being paid. As per the reply to the questionnaire regarding development fee, the school admitted that it was charging development fee which was being treated as a Revenue receipt in the accounts and no Depreciation Reserve Fund was being maintained. During the years 2009-10 and 2010-11, the development recovered amounted to Rs. 51,500 and Rs.38,000 respectively.

Discussion and Determination

The Committee has examined the returns of the school, its reply to the two questionnaire, the observations of the Audit Officer and the submissions made by the school representatives during the course of hearing. Admittedly, the school did not

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For
Secretary



implement the report of 6th Pay Commission. It has also been found as a fact that the fee hiked by the school was much in excess of the tolerance limit of 10%. The fee hiked by the school in 2009-10 was as follows:

Class	Tuition fee in 2008-09 (Monthly)	Tuition fee in 2009-10 (Monthly)	Fee hiked in 2009-10	Percentage increase
I to II	500	600	100	20.00%
III to V	580	680	100	17.24%
VI to VIII	630	730	100	15.87%
IX to X	690	790	100	14.49%

The Committee is of the view that the hike in fee in 2009-10 in excess of 10% was unjustified and ought to be refunded, along with interest @9% per annum. As such unjustifiably hiked fee in 2009-10 is also part of the fee for the subsequent years, the fee of the subsequent years to the extent it relates to the fee of 2009-10 which the Committee has found to be unjustified, ought also be refunded alongwith interest @ 9% p.a.

With regard to development fee, the Committee is of the view that the school was not complying with the the pre-conditions laid down by the Duggal Committee, which were affirmed by the Hon'ble Supreme Court in the case of Modern School Vs. Union of India & Ors. in as much as the school was treating the Development Fee as a Revenue receipt instead of Capital receipt and no Depreciation

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For Secretary



Reserve Fund was maintained by the school. As such the charge of development fee was unjustified. The school has admitted that in 2009-10, it charged development fee aggregating Rs.51,500 and in 2010-11, the amount was Rs.38,000. The school ought to refund these sums along with interest @9% per annum.

Recommended accordingly.

Sd/- Sd/- Sd/-

Dr. R.K.Sharma
Member

CA J.S. Kochar
Member

Justice Anil Dev Singh(Retd.)
Chairperson

Dated: 14/08/2013.

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Jeewan Public School, Sect-5 Dwarka, Delhi-110075

The school vide its reply dated 01.03.2012 to the questionnaire sent by the Committee, stated that it had implemented VI Pay Commission w.e.f. July 2010, but had not increased the fees. By its revised reply received through e-mail, dated 26.04.2012, the school informed that VI Pay Commission was implemented w.e.f. July 2010 and increase in the fees was effected from April 2009.

On examination of the fee schedules submitted by the school also it was found to have hiked the fee in 2009-10 to the maximum extent permitted by the order dated 11/02/2009 of the Director of the Education. In view of the information provided by the school in the revised reply, it was placed in Category 'B' for detailed examination.

The school was, therefore, served with a notice dated 21/01/2013 to appear before the Committee on 18/02/2013 and provide justification for the hike in fee. Pursuant to the notice, Shri Lalit Yadav, Manager of the school appeared before the committee. He stated that the school had partly implemented VI Pay Commission report w.e.f.01.07.2010 on a query from the Committee, he stated that the salary to the staff was paid in cash. Further, no TDS was deducted from the salaries. The school was also not registered with the PF authorities.

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On examination of the fee schedules submitted by the school, the Committee finds that the fee hike effected by the school for various classes is as follows:

Class	Tuition fee in 2008-09	Tuition fee in 2009-10	Fee Increase in 2009-10
I	275	375	100
II	300	400	100
III	325	425	100
IV	325	425	100
V	350	450	100
VI	375	475	100
VII	425	525	100
VIII	450	550	100
IX	550	750	200
X	600	800	200

The fee hiked by the school, as is evident from the details given in the above table, was to the maximum limit permitted vide order dated 11/02/2009 of the Director of Education for the purpose of implementation of VI Pay Commission Report.

The Committee is not convinced that the school has implemented the VI Pay Commission even partially, in view of the fact that after implementation of the VI Pay Commission, the salaries to the staff would have been increased substantially which would have necessitated deduction of TDS and Provident Fund. The school admittedly does not do so. Further, payment of salary in cash lends no evidence to the claim of the school that it had implemented the VI Pay Commission.

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In view of the foregoing facts, the Committee is of the view that the fee hiked by the school w.e.f.01-04-2009 to the maximum extent permitted by the order dated 11/02/2009 of the Director of Education was wholly unjustified as the underlying purpose of fee hike viz. implementation of VI Pay Commission was not fulfilled. The school has taken undue advantage of the order of the Director of Education for unjust enrichment. In the circumstances, we are of the view that the fee hiked in 2009-10 for different classes ought to be refunded along with interest @ 9% per annum. Since the fee hiked in 2009-10 is also part of the fee for the subsequent years, there would be a ripple effect in the subsequent years and the fee of the subsequent years to the extent it is relatable to the fee hiked in 2009-10 ought also to be refunded along with interest @ 9% per annum. Recommended accordingly.

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr.R.K.Sharma
Member

Sd/-

CA J.S.Kochar
Member

Dated: 09.05.2013

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New Holy Public School, Uttam Nagar, New Delhi – 110 059

The school had not replied to the questionnaire sent by the Committee to it by email on 27/02/2012. The returns of the school under Rule 180 of the Delhi School Education Rules, 1973 were received in the office of the committee through, Dy. Director of Education (Distt. West-B). On examination of the fee schedules submitted by the school, it was observed that the school had hiked the fee in 2009-10 by Rs.200-00 per month for all the classes which was the maximum hike permitted by the order dated 11/02/2009 of the Director of the Education, except for Class X. Further, the school, vide its letter dt.28.01.2011 (sic) claimed that it had implemented the VI Pay Commission w.e.f. 01.04.2009.

On prima facie examination of the records and details submitted by the school, it was placed in Category 'B'. Preliminary examination of the financials of the school was done by the Chartered Accountants detailed with this Committee. The preliminary calculations submitted by the Chartered Accountants were checked by the office of the Committee. The school was served with a notice dated 20/02/2013 providing them an opportunity of being heard by the Committee on 14/03/2013 and to provide justification for the hike in fee.

On the date fixed for hearing, Shri Ajay Arora, Principal, along with Shri Rajesh Gupta, C.A., appeared before the committee. They have been heard. During the course of hearing, and examination of the salary record, it transpired that the school had tried to project implementation of 6th Pay Commission by inflating the salary of some of the staff members and deflating the same of others by showing that such staff remained on leave. Signatures of some of the staff members had been obtained across revenue stamps even when the

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payment made to them was NIL. Except one or two staff members, salary to all others is being paid in cash. The school does not deduct TDS from the salaries even after purportedly implementing the 6th Pay Commission. When confronted with the facts, Shri Ajay Arora, Principal of the school candidly accepted that the 6th Pay Commission had not been implemented, as the parents of the students are not in a position to pay the higher fees.

The schedules, submitted by the school reveal that the fee hike affected by the school for various classes was as follows:

Class	Fee Increase in 2008-09	Fee Increase in 2009-10	Amounted Increased in 2009-10
I to V	Rs.710	Rs.910	200
VI to VII	Rs.760	Rs.960	200
VIII	Rs.810	Rs.1010	200
IX	Rs.900	Rs.1100	200
X	Rs.1100	Rs.1300	200

The fee hiked by the school during 2009-10, as per details given in the above table was the maximum hike permitted vide order dated 11/02/2009 of the Director of Education for the purpose of implementation of VI Pay Commission Report, except for Class-X. However, even for Class X, the hike was about 20%.

In view of the admission made by the Principal of the school that the school has not implemented 6th Pay Commission but at the same time had increased the fees as per the order of the Director of Education dt.12/02/2009, the Committee is of the view that the fee hiked by the school in 2009-10 was wholly unjustified, as the underlying purpose of fee hike i.e. implementation of VI Pay Commission was not fulfilled. The

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order of the Director of Education was taken undue advantage of by the school for unjust enrichment. The fee hiked in 2009-10 for different classes ought to be refunded along with interest @ 9% per annum. Since the fee hiked in 2009-10 is also part of the fee for the subsequent years, there would be a ripple effect in the subsequent years and the fee of the subsequent years to the extent it is relatable to the fee hiked in 2009-10, also be refunded along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

Justice Anil Dev Singh
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Sd/-

J.S. Kochar
Member

Dated: 09-05-2013

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Ramakrishana Senior Secondary School, Vikas Puri, New Delhi-110018

The school, vide letter dated 27/01/2012, had submitted the copies of returns under Rule 180 for the years 2006-07 to 2010-11, details of salary to staff before implementation of VI Pay Commission as well as after its implementation, details of arrears of salary paid to the staff and the details of fee hiked by the school consequent to order dated 11/02/2009 issued by the Director of Education. These details were submitted to the Dy. Director of Education, District West-B, New Delhi which were forwarded to the Committee. As per the details submitted by the school, it was evident that the school had implemented the VI Pay Commission Report and also hiked the fee in consonance with the order dated 11/02/2009 issued by the Director of Education. Accordingly, the school was placed in Category 'B'.

Preliminary examination of the financials of the school was carried out by the Chartered Accountants detailed with this Committee. As it was discernible from the documents submitted by the school that it had increased the fee w.e.f. 01/09/2008, the audited balance sheet of the school as on 31/03/2008 was taken as the basis for calculation of the funds available with the school for the purpose of implementation of the VI Pay Commission Report. As per the preliminary calculations made by the CAs detailed with the Committee, the funds available with the school as on 31/03/2008

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COMMITTEE
For Review of School Fee

were to the tune of **Rs. 17,80,664**. The school had paid arrears to the staff amounting to **Rs. 50,87,488**. The additional burden on account of increased salary due to implementation of VI Pay Commission from 01/04/2009 to 31/03/2010 was **Rs. 47,10,336**. The arrear fee recovered by the school was **Rs. 32,19,500**. The incremental revenue of school on account of increase in fee from 01/09/2008 to 31/03/2010 was **Rs.53,79,100**. After taking into account the increased fee and salary, the school had a surplus of **Rs. 5,81,441**. The school was served with a notice dated 20/02/2013 for providing it an opportunity of hearing by the Committee on 14/03/2013 and for enabling it to provide justification for the hike in fee. However, on 12/03/2013, the Committee received a request letter from the school to postpone the hearing on account of sudden demise of the mother of the Chartered Accountant of the school. Accordingly, the hearing was refixed for 22/04/2013.

On the appointed date, Sh. Lalit Aggarwal, Manager of the school appeared along with Sh. P.A. Aggarwal, Chairman of the Society, Sh. Rakesh Dhingra, Chartered Accountant, Ms. Deepika, Office Asstt. and Ms. Sangeeta Sharma, Office Asstt. They were provided with the preliminary calculations prepared by the CAs detailed with the Committee and were partly heard on such calculations. They sought some time for responding to the calculations. The school also filed a statement showing recovery incremental/arrear fee and payment of salary. As per the statement

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filed, bulk of the arrears were paid in January 2012. On examination of the statement of the bank accounts produced by the school, the mode of payment of cheques towards arrear salary was not discernible. The school was asked to file certificate from its bankers giving the mode of payment of salaries. The school was found to be charging development fee also, besides tuition fee. In order to verify whether the school was fulfilling the preconditions for charging of development fee, it was asked to give specific replies to the following queries regarding development fee:

- (a) How much development fee had been received in the years 2006-07 to 2010-11?
- (b) For what purpose and to what extent development fee has been utilised?
- (c) How the development fee was reflected in the financials of the school?
- (d) Whether earmarked bank accounts or FDRs or govt. securities were maintained against unutilised development fee and depreciation reserve fund?

As requested by the school, the hearing was adjourned to 09/05/2013. On this date, the aforesaid representatives of the school again appeared and filed a certificate issued by their bank evidencing payment of arrears by account payee cheques. The school also filed its own calculation sheet showing availability of funds vis a vis liability on account of VI Pay Commission. Replies to queries regarding

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development fee were also filed. As per the calculation sheet filed by the school, the school claimed a liability of Rs. 4,66,165 towards gratuity and Rs. 5,75,300 as reserve fund for meeting the affiliation requirement with CBSE. As no evidences for these deductions were filed, the school sought some time for filing the same. The hearing was concluded giving liberty to the school to file the evidences as requested within one week. The required details/evidences were filed by the school on 13/05/2013:

Submissions:

The school submitted that instead of Rs. 17,80,664 which were shown as funds available with the school as on 31/03/2008 in the calculation sheet prepared by the CAs detailed with the Committee, there was actually a deficit of Rs. 11,72,800 which ballooned to Rs. 30,44,868 after taking into account the hiked salary and the hiked fee. The school made the following submissions on the basis of the calculation sheet filed by it:

- (i) The school recovered a sum of Rs. 24,97,856 as arrear fee for the period 01/01/2006 to 31/08/2008 as against Rs. 32,19,500 taken by the CAs attached with the Committee. The difference was explained to be on account of the fact that (1) the CAs had not taken into account the students enjoying concessions on various accounts like belonging to EWS category, (2) Arrears were recovered at varying rates from students admitted in 2007-08 and 2008-09

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while the CAs had taken the recovery at uniform rate from all the students.

- (ii) The increased fee w.e.f. 01/09/2008 to 31/03/2010 resulted in an additional revenue of Rs. 54,27,900 as against Rs. 53,79,100. The difference was explained to be on account of inaccurate number of students being taken into account by the CAs.
- (iii) Security deposits lying with BRPL, Indian Oil Corporation and MTNL amounting to Rs. 18,800 ought not to have been included in the funds available.
- (iv) The school was required to maintain reserves for the following purposes:

(a) Three months salary	Rs. 18,43,500
(b) Gratuity	Rs. 4,66,165
(c) Scholar ship	Rs. 30,000
(d) Reserve as per the requirement of CBSE	Rs. 5,75,300
(e) Security deposits with BRPL, Indian Oil and MTNL	Rs. 19,700
Total	Rs. 29,34,665

- (v) With regard to development fee, the year wise receipt and utilisation were furnished and it was submitted that the unutilised amount of development fund and depreciation reserve fund were being kept in the shape of FDRs and bank deposits.

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Discussion

The Committee has examined the financials of the school, the information and details furnished vide letter dated 27/01/2012, preliminary calculation sheet prepared by the CAs detailed with the Committee, the calculation sheet furnished by the school and the oral and written submissions of the school. The points of divergence as brought out by the school are discussed hereinafter.

Re.: Arrear fee for the period 01/01/2006 to 31/08/2008

The Committee finds force in the submissions of the school that the CAs had not taken into account the number of students enjoying various concessions and number of students admitted in 2007-08 and 2008-09 who were required to pay arrears at lower rates. However, the CAs can hardly be faulted for that as the relevant information had not been provided by the school earlier. In view of this, the figure of **Rs. 24,97,856** will be taken as the arrear fee for the period 01/01/2006 to 31/08/2008 in the final determination.

Re.: Incremental revenue on account of increased fee from 01/09/2008 to 31/03/2010.

There is a minor difference of Rs. 48,800 in the figures taken by the school and those taken by the CAs. In view of this, the figure taken by the school i.e. **Rs. 54,27,900** is accepted and the same will be considered in the final determination.

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ANIL DEV SINGH
COMMITTEE
For Review of School Fee

**Re.: Security deposits with BRPL, Indian Oil Corporation
and MTNL.**

The Committee is in agreement with the contention of the school that these security deposits cannot be considered as available for implementation of VI Pay Commission as they are illiquid assets. Hence in the final determination the figure of **Rs. 18,800** will be excluded.

Re.: Funds to be set apart

(i) For Gratuity

The school has claimed a deduction of Rs. 4,66,165 in the calculation sheet submitted by it, on account of accrued liability of gratuity as on 31/03/2008. Further, in the detail of gratuity payable as on 31/03/2010 submitted by it, it has shown the total liability to be Rs. 14,32,620. However, in the detail so submitted, the school has also shown liability to staff members who have not completed the qualifying service i.e. 5 years. The liability of gratuity in respect of qualifying staff amounts to **Rs. 10,72,415**. The Committee agrees with the school that it requires to set aside funds to meet its accrued liability of gratuity. This will be duly taken care of in the final determination.

(ii) Three months salary

The school has claimed a sum of Rs. 18,43,500 representing three months salary to be set apart.

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However, the Committee has taken a view in the cases of other schools that a reserve equivalent to four months' salary should be retained by the schools for future contingencies. Consistent with this view, the Committee feels that a reserve equivalent to four months' salary amounting to **Rs. 24,58,000** ought to be kept by the school.

(iii) Reserve as per requirement of CBSE

The school has claimed a deduction of **Rs. 5,75,300** in its calculation sheet to be representing FDRs made in the joint name of the school and the Director of Education and has also filed a copy of the same. The Committee is in agreement with the contention of the school that as the FDRs are pledged with the Director of Education, it cannot be considered as part of funds available for implementation of VI Pay Commission.

(iv) Security with BRPL, Indian Oil Corporation and MTNL

The school has claimed a double deduction of securities held with the above named bodies. Firstly, it excluded them from the current assets and secondly it is claiming a deduction from the current assets. The Committee is of the view that such double deduction cannot be allowed and the same appears to have been inadvertently claimed.

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COMMITTEE
For Review of School Fee

(v) **Scholarship**


The school has given no reason for claiming a deduction of Rs. 30,000 on this account. As such, the contention of the school on this issue is rejected.

Re.: Loan from Centurion Bank Rs. 2,85,154

The CAs attached with the Committee had made a deduction of Rs. 2,85,154 on account of the outstanding balance of loan taken by the school from Centurion Bank. The school in its calculation sheet also claimed the same as a deduction from the funds available. However, during the course of hearing, it was clarified by the school that the loan had been taken for purchase of a bus. In view of this, the Committee is of the view that the deduction of outstanding balance of loan cannot be allowed to the school as the same has been taken for purchase of a fixed asset. Accordingly a sum of **Rs. 2,85,154** will be deducted while making the final determination of funds available.

Re.: Incremental salary for the year 2009-10

The CAs attached with the Committee had taken the figure of incremental salary for the financial year 2009-10 at Rs. 47,10,336. The school also accepted the same figure in its calculation sheet. However, on reviewing the working notes of the CAs, the Committee has observed that the figure has been worked out by extrapolating the

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monthly difference of one month salary for pre implementation and post implementation period. On examining the audited Income & Expenditure accounts of the school for the years 2008-09 and 2009-10, the Committee finds that during 2009-10, the total salary paid by the school was Rs. 1,43,33,836 which included arrears of Rs. 16,63,536. Hence the net expenditure on salary for 2009-10 was Rs. 1,26,70,300. For 2008-09, the corresponding figure was Rs. 87,63,996. Therefore, the incremental salary in 2009-10 on account of implementation of VI Pay Commission was Rs. 39,06,304 which also factors in the annual increment and the additional DA announced during 2009-10. In view of this, the figure of incremental salary will be taken as **Rs. 39,06,304** in the final determinations.

Determinations:

Tuition fee

The Committee has determined that the school had net funds to the tune of Rs. 14,71,719, available with it as on 31/03/2008. This determination is made as follows:

Particulars		Amount
Funds available as per preliminary calculation sheet	17,80,665	
Add Outstanding balance of loan from Centurion Bank wrongly deducted by the CAs	2,85,154	20,65,819
Less		
1. Security deposit with BRPL, Indian Oil & MTNL	18,800	
2. FDRs pledged with Directorate of Education	5,75,300	5,94,100
Net funds available		14,71,719

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As per the above discussion, the school was required to set apart a sum of Rs. 10,72,415 towards accrued liability of gratuity as on 31/03/2010. After setting apart this amount, the school would have been left with Rs. 3,99,304 as against its requirement for reserve future contingencies amounting to Rs. 24,58,000. There was, thus a shortfall of Rs. 20,58,696 in reserve for future contingencies. In view of this Committee is of the view that the school did not have any free funds of its own in order to implement the VI Pay Commission Report and a fee hike was imminent.

The school admitted, in the calculation sheet submitted by it, to have recovered the following sums by way of arrear fee and increased fee in accordance with the order dated 11/02/2009:

(a) Arrears from 01/01/2006 to 31/08/2008	Rs. 24,97,856
(b) Increased fee from 01/09/2008 to 31/03/2010	<u>Rs. 54,27,900</u>
	<u>Rs. 79,25,756</u>

The additional liabilities on account of implementation of VI Pay Commission were as follows:

(a) Arrears of salary from 01/01/2006 to 31/03/2009	Rs. 50,87,488
(b) Increased salary from 01/04/2009	<u>Rs. 39,06,304</u>

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To 31/03/2010

Rs. 89,93,792

In view of the foregoing, the school was in deficit to the tune of Rs. 10,68,036 after implementation of the VI Pay Commission Report.

Development Fee

The school submitted reply to the queries raised by the Committee on 22/04/2013 as per which the school stated that it had recovered the development fund to the tune of Rs. 28,42,096 in 2009-10 and Rs. 30,57,690 in 2010-11. The development fund was being utilised for purchase of furniture, fixture and equipments and the school submitted a detail thereof. Development fee was treated as a capital receipt in the accounts and the unutilised amount in development fund and depreciation reserve fund were kept in the shape of FDRs and bank deposits. On a query by the Committee, the school stated that no earmarking of FDRs or bank deposits was made against the development fund.

On examination of the details submitted by the school, the Committee finds that during the year 2009-10, as against the collection of Rs. 28,42,096 towards development fund, the only utilisation was towards purchase of a bus for Rs. 9,50,000 and that too was partly financed by sale of an old bus to the tune of Rs. 1,96,466. It would be apposite to note that purchase of buses is not one of the permitted usages of development fund as per the recommendations of Duggal Committee which were affirmed by the

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JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

Hon'ble Supreme Court in the Case of Modern School vs. Union of India (2004) 5 SCC 583. Development fee can only be collected for the purpose of purchase or upgradation of furnitures & fixtures and equipments.

During the financial year 2010-11, a sum of Rs. 13,35,526 was utilised for purchase of furniture, fixture and equipments out of a total collection of Rs. 30,57,690.

On perusal of the balance sheets of the school, the Committee finds that the school capitalizes the development fee received in a development fund. However, its utilisation is not deducted from the development fund, resulting in showing a balance of fund, the whole of which may not exist. Further, although the school shows a depreciation fund on its liability side, no earmarked FDRs are held either against the unutilised development fund or against the depreciation fund. These funds therefore appear only in the books. No real funds are maintained. In view of these findings, the Committee is of the view that the school was not following the pre conditions laid down by the Duggal Committee for recovering development fee, which were subsequently affirmed by the Hon'ble Supreme Court. Hence, the development fee charged by the school was not in accordance with the law and the school ought to refund the same which was collected during the years 2009-10 and 2010-11.

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Recommendations:

Since, the Committee has found that the school was in deficit after implementation of VI Pay Commission Report and also the school did not have sufficient funds to provide for future contingencies, the school ought to refund the development fee recovered in 2009-10 and 2010-11 along with interest @ 9% per annum, after setting off the deficit as determined above in recovering the tuition fee and deficit in reserve for future contingencies. The net amount refundable by the school is as follows:

<u>Particulars</u>		<u>Amount</u>
Development fee refundable for 2009-10		Rs. 28,42,096
Development fee refundable for 2010-11		<u>Rs. 30,57,690</u>
Total		Rs. 58,99,786
Less		
(i) Deficit in tuition fee	Rs.10,68,036	
(ii) Deficit in reserve for contingencies	<u>Rs.20,58,696</u>	Rs. 31,26,732
Net amount refundable with interest @ 9% per annum		Rs, 27,73,054

Recommended accordingly.

Sd/-

Sd/-

Sd/-

Dr. R.K. Sharma
Member

CA J.S. Kochar
Member

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 23/07/2013

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Kamal Public School, Vikas Puri, New Delhi-110018

In response to the letter dated 23/01/2012 sent by the Dy. Director of Education, West B District of the Directorate of Education, the school, under cover of its letter dated 27/01/2012, submitted copies of its annual returns with proof of submission to the Directorate and Fee structures for the years 2006-07 to 2010-11, details of salary paid to the staff before and after implementation of VI Pay Commission as well as details of arrears of salary paid and outstanding. The records and details submitted by the school were transmitted to the Committee. On the basis of the information provided vide this letter, the school was placed in Category 'B'.

Preliminary examination of the financials of the school was done by the Chartered Accountants detailed with this Committee and as per the preliminary calculations made by them, the school had funds available with it to the tune of **Rs. 10,45,295** as on 31/03/2008. The school had recovered arrear fee to the tune of **Rs. 52,13,000** while it had paid the arrear salary to the tune of **Rs.93,27,485**. The additional fee accruing to the school for the period 01/09/2008 to 31/03/2010, as a result of hike effected in terms of order dated 11/02/2009 of the Director of Education amounted to **Rs. 94,42,000** while the additional salary paid for the corresponding period was **Rs. 54,68,196**. As a result of the fee hike and the salary hike, the school was left with a surplus of **Rs. 9,04,614**. The school was, therefore,

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served with a notice dated 21/01/2013, providing it an opportunity of being heard by the Committee on 20/02/2013 and to provide justification for the hike in fee.

On the date fixed for hearing, Sh. R.K. Tandon, Manager of the school appeared along with Sh. Sanjeev Kumar, Accountant and they were provided with a copy of the preliminary calculation sheet prepared by the CAs detailed with the Committee. The school sought time to respond to the calculations. The school also filed reply to the questionnaire issued by the Committee along with supporting details. The Committee perused the details of arrears salary paid by the school and noticed that payment to a number of staff members had been made by bearer cheques against which cash had been withdrawn from the bank. Besides, since the school was found to be charging development fee also apart from tuition fee, the school was asked to specifically respond to the following queries:

- (a) How development fee was treated in the accounts of the school?
- (b) How much development fee had been recovered in financial years 2009-10 and 2010-11?
- (c) For what purpose the development fee was utilised?
- (d) Whether separate development fund and depreciation reserve fund had been maintained by the school?

At the request of the school, the hearing was adjourned to 22/03/2013.

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On the adjourned date of hearing, the aforesaid representatives of the school appeared along with Sh. N.K. Mahajan, CA. The school filed written submission dated 22/03/2013. The salary records of the school were examined by the Committee and the representatives of the school were heard. The school was asked to file the details of arrear fee yet to be collected and details of concessions/free ships given out of increased fee. The hearing was concluded as no further hearing was claimed by the school. The required details were subsequently filed by the school on 08/04/2013.

Submissions:

Vide written submissions dated 22/03/2013, the school submitted as follows:

- (i) The net current assets of the school were in negative zone, as against Rs. 10,45,295, calculated by the CAs detailed with the Committee.
- (ii) The school was required to maintain three months salary in reserve which amounted to Rs. 35,32,739.
- (iii) The school had accrued liabilities of gratuity amounting to Rs. 17,73,277 and leave encashment amounting to Rs. 14,43,153.
- (iv) Hence the school was in deficit to the tune of Rs. 68,31,381 as on 31/03/2008 and as such did not have any funds available with it, as were projected by the CAs.

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- (v) The aggregate of arrears of tuition fee for the period 01/01/2006 to 31/03/2009 was Rs. 64,28,196 instead of Rs. 88,11,000 as per the calculation sheet.
- (vi) The incremental tuition fee in 2009-10 was Rs. 36,00,552 instead of Rs. 58,44,000, as reflected in the calculation sheet.
- (vii) The arrears of salary paid from 01/01/2006 to 31/03/2009 was Rs. 93,19,299 as against Rs. 93,27,485 taken by the CAs.
- (viii) The annual increase in establishment as per rule 177 for the financial year 2009-10 was Rs. 80,47,777, while the figure taken by the CAs was Rs. 54,68,196.
- (ix) The society running the school had to fund Rs. 46,00,000 to the school to make payment of arrears to staff.
- (x) After taking into account, the above figures, the school was in a deficit to the tune of Rs. 1,41,69,709 as against a surplus of Rs. 9,04,614 shown in the calculation sheet.
- (xi) The school had started charging development fee from the year 2009-10 and the same was being treated as a capital receipt. The amount charged in 2009-10 was Rs. 24,02,981 while that charged in 2010-11 was Rs. 49,53,155.
- (xii) The development fee had been utilised for purchase/renovation of fixed assets and the amount

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spent on these accounts in 2009-10 was Rs. 37,92,211 and in 2010-11, it was Rs. 52,31,116.

- (xiii) The school was maintaining development reserve fund account with Union Bank of India, Vikas Puri, New Delhi. On query from the Committee, the school stated that the account was opened on 28/01/2011.

In conclusion, it was stated that the school had no existing reserve to be able to implement the VI Pay Commission and thus the fee hiked by it in accordance with order dated 11/02/2009 was justified and it had not been objected to at any stage by the Director of Education.

Vide written submissions dated 08/04/2013, the school clarified as follows:

- (i) The difference in fee arrears amounting to Rs. 11,74,483, as calculated by the CAs attached with the Committee vis a vis the calculation of the school was on account of the fact that while the CAs had taken the full amount of arrears into consideration, the school collected the arrears from some students at lesser rates depending upon the year of the admission of the students. This was in accordance with the order dated 11/02/2009 of the Director of Education.
- (ii) The school has not collected fee arrears amounting to Rs. 9,95,500 from 357 new students admitted in financial

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year 2009-10 while the CAs attached with the Committee had calculated the fee arrears by including such students.

- (iii) The school has not received any fee arrear from the freeship students and the amount on this account is Rs. 2,12,821.
- (iv) The school had not received any fee arrears from the students in financial years 2011-12 and 2012-13.

Discussion:

Re.: Funds available as on 31/03/2008

The CAs attached with the Committee had calculated the funds that were available with the school as on 31/03/2008 to be of the order of Rs. 10,45,295. The school contends that this was erroneous as the CAs had not been taken into account reserves required to be kept amounting to Rs. 35,32,739 in respect of three months' salary, Rs. 17,37,277 for accrued liability of gratuity and Rs. 14,43,153 for leave encashment. If these were considered, the school would be in the deficit in so far as the financial position as on 31/03/2008 is concerned.

The Committee finds that the school had not provided for its liabilities for gratuity and leave encashment in the balance sheet as on 31/03/2008. Hence the CAs detailed with the Committee could not be faulted for not taking into account these liabilities in the preliminary calculations. During the course of hearing on

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COMMITTEE
For Review of School Fee

22/03/2013, the school filed details of its liabilities on account of accrued gratuity and leave encashment. The Committee is of the view that the school ought to retain funds to meet these deferred liabilities, even though not provided for in the balance sheet. Further, the school ought to maintain reserve equivalent to four months' salary for any future eventualities. However, the reserves for these purposes have to be limited to the level of funds available. If there are no funds available, the school cannot ask for hike in fee, ostensibly for implementation of VI Pay Commission, but actually to create a buffer of funds. The committee is therefore of the view that, at best, the funds available with the school as on 31/03/2008 can be taken to be NIL. The school would not be justified in hiking the fee, ostensibly for implementation of VI Pay Commission, but actually for redeeming its past deficiencies.

Re.: Discrepancies in the figures of incremental and arrears of fee collected and salary paid by the school.

The school has disputed the figures taken by the CAs detailed with the Committee in respect of incremental fee, incremental salary, arrear fee etc. The figures taken by the CAs as well as those taken by the school are tabulated below for the purpose of comparison and analysis.

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For Review of School Fee

Particulars	Figures taken by the CAs	Figures taken by the school
Arrears of tuition fee from 01/01/2006 to 31/03/2009	88,11,000	64,28,194
Incremental tuition fee in 2009-10	58,44,000	36,00,552
Arrears of salary from 01/01/2006 to 31/03/2009	93,27,485	93,19,299
Incremental salary in 2009-10	54,68,196	80,47,777

With regard to arrears of tuition fee, the school while giving clarificatory submissions dated 08/04/2013, submitted that the difference between the two figures was on the account of the following reasons:

- (i) The CAs had taken the figures for all the students @ Rs. 2500 or Rs. 3000 depending upon the class, while as per the order dated 11/02/2009, the school was required to collect the arrears at lesser rates from the new students.
- (ii) The school did not collect any arrears from 357 new students in financial year 2009-10.
- (iii) The school did not receive any arrear fee from freship students.

The committee has considered the explanation of the school which is supported by the details and has found the same to be acceptable. Therefore, the figure of arrear fee recovered by the school will be taken as **Rs. 64,28,196** in the final determination.

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ANIL DEV SINGH
COMMITTEE
For Review of School Fee

As regards incremental tuition fee for the year 2009-10, similar reasons have been given by the school. The financials of the school also support the contention of the school. The CAs have calculated the amount based on the total student strength and the same does not account for the concessions enjoyed by certain students. As the figures in the Income & Expenditure account are based on the actual recoveries recorded in the books of accounts which have been audited, the contention of the school is accepted and figure of incremental fee in 2009-10 will be taken as **Rs. 36,00,552** in the final determination.

As regards the figure of arrear salary, there is a nominal difference of around Rs. 8,000 between the figures taken by the CAs and those taken by the school. However, during the course of hearing, the Committee had occasion to examine the factum of actual payment of arrears. As per the financials of the school and its books of accounts, the arrears were paid in two financial years as follows:

F.Y. 2009-10	Rs. 47,50,857
F.Y. 2010-11	<u>Rs. 45,68,442</u>
Total	<u>Rs. 93,19,299</u>

It was noticed from the books of accounts and bank statements that during 2009-10, the arrears were paid in the following manner:

(a) By bank transfer	Rs. 40,36,956
(b) By crossed cheques	Rs. 3,00,529
(c) By bearer cheques	<u>Rs. 4,13,372</u>
Total	<u>Rs. 47,50,857</u>

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Similarly, during 2010-11, the arrears were paid in the following manner:

(a) By bank transfer	Rs. 17,33,265
(b) By crossed cheques	Rs. 9,27,566
(c) By bearer cheques	<u>Rs. 19,07,611</u>
Total	<u>Rs. 45,68,442</u>

Thus, out of a total ostensible payment of Rs. 93,19,299, a significant portion of Rs. 23,20,983 was purportedly paid by bearer cheques which were encashed from the bank. The school did not offer any explanation as to why such a large amount was paid by way of bearer cheques. The Committee is of the view that the school did not actually pay this amount of Rs. 23,20,983 to the staff and cash was withdrawn by making bearer cheques in the names of the staff members. Therefore, the Committee will consider **Rs. 69,98,316** as the amount paid to the staff as arrears in the final determination.

As regards incremental salary paid to the staff in the year 2009-10, the Committee has perused the working sheet of the CAs attached with the Committee and finds that they had extrapolated the difference of monthly salary paid to the staff pre implementation and post implementation of VI Pay Commission to arrive at the annual figure. The school has disputed the same and stated that the annual increase was Rs. 80,47,477. The school was asked to justify its figure and in response, the school submitted copies of its ledger accounts to show the figures of salary actually paid. As per the ledger accounts, the total salary paid in 2008-09 was Rs. 1,25,24,307 while that paid in 2009-10 was Rs. 2,04,69,433. Hence the incremental salary in

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2009-10, post implementation of VI Pay Commission was **Rs. 79,45,126** which will be factored in while making the final determination.

Determination:-

Tuition Fee:

As discussed in the foregoing paragraphs, the school did not have any funds as on 31/03/2008 which could be utilised for meeting its obligations under the VI Pay Commission Report. The school recovered a sum of Rs. 64,28,196 as arrear fee and Rs. 36,00,552 as incremental fee in terms of order dated 11/02/2009 issued by the Director of Education. Thus the total funds available with the school were **Rs. 1,00,28,748**. As against this, the arrears of salary paid by the school amounted to Rs. 69,98,316 while the increased expenditure on salary in 2009-10 amounted to Rs. 79,45,126. Thus, the total impact of the implementation of VI Pay Commission on the school was **Rs. 1,49,43,442**. Hence the Committee is of the view that the school recovered a sum of **Rs. 49,14,694** short of its requirements.

Development Fee:

The school vide its submissions dated 22/03/2013 submitted that during the year 2009-10, it recovered a sum of Rs. 24,02,981 as development fee while the sum recovered on this account in 2010-11 was Rs. 49,53,155. These were treated as capital receipts in the

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For Review of School Fee

accounts. The school further submitted that the development fee was utilised for purchase of fixed assets amounting to Rs. 37,92,211 in 2009-10 and Rs. 52,31,116 in 2010-11. It was further submitted that the school was maintaining a development reserve fund account with Union Bank of India, Vikas Puri, New Delhi. On query from the Committee, it was stated that this account was opened on 28/01/2011.

On examination of the balance sheet of the school as on 31/03/2010, it emerges that the school had treated the development fee of Rs. 24,02,981 as a revenue receipt which was credited to the Income & Expenditure account. Hence, the school wrongly stated that it had treated the development fee as a capital receipt in its accounts. Further, the fixed assets purchased by the school during 2009-10 included school vehicles amounting to Rs. 25,05,000, which is not an authorized purpose for utilisation of development fee. The depreciation reserve fund as reflected in the balance sheet of the school was a negative figure, implying that no depreciation reserve fund was maintained:

The position in 2010-11 was hardly any better. Though the school showed the development fee as a capital receipt in the balance sheet, the said fee was utilised for repair/renovation of assets, as mentioned in its balance sheet, and not for purchase or upgradation of furniture & fixture or equipments. In this year also the school spent a sum of Rs. 35,79,628 on buying school vehicles. The balance in

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depreciation reserve fund was in negative implying that no depreciation reserve fund was maintained.

In view of the foregoing discussion, it is apparent that the school was not complying with the pre conditions laid down by the Duggal Committee which were affirmed by the Hon'ble Supreme court in the case of Modern School vs. Union of India & Ors. (2004) 5 SCC 583. Hence the Committee is of the view that the development fee collected by the school was not in accordance with the law laid down by the Hon'ble Supreme Court and therefore ought to be refunded.

Recommendations:

In view of the foregoing determinations, the Committee is of the view that the school ought to refund a sum of Rs. 24,41,442 along with interest @ 9% per annum which is worked out as follows:

Particulars		Amount
Development fee for 2009-10 refundable	24,02,981	
Development fee for 2010-11 refundable	49,53,155	73,56,136
Less Deficit on account of implementation of VI Pay Commission		49,14,694
Net amount refundable		24,41,442

Recommended accordingly.

Dr. R.K. Sharma
Member

CA J.S. Kochar
Member

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 27/06/2013

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For Review of School Fee

Angel Public School, Om Vihar Uttam Nagar New Delhi.

The school had not replied to the questionnaire sent by the Committee to it by email on 27/02/2012. However, the returns of the school under rule 180 of the Delhi Education Rules, 1973 were received in the office of the committee through, Deputy Director of Education (Distt. West-B). On examination of the fee schedules submitted by the school, it was observed that the school had hiked the fee in 2009-10 to the maximum extent permitted by the order dated 11/02/2009 of the Director of the Education and in 2010-2011, it had again hiked the fee by as much as 50% over the fee for 2009-10. The VI Pay Commission, as claimed by the school, had been implemented w.e.f.01.04.2010. On the basis of the aforesaid information, the school was placed in category 'B'.

Preliminary examination of the financials of the school was done by the Chartered Accountants detailed with this Committee and as per the preliminary calculations made by them, the school had funds available to the tune of Rs. 42,360/- as on 31/03/2009. Increased salaries payable as per VI Pay Commission up to 2010-11 was to the tune of Rs.1,898,976/-. As a result of the fee hike an amount of Rs.2,490,360/- was collected from the students for the purported purpose of implementation of VI Pay Commission for the period 01.4.2009 to 31.3.2011.

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With a view to provide an opportunity of hearing to the school, it was served with a notice dated 21/01/2013 with a direction to appear before the Committee on 18/02/2013 to provide justification for the hike in fee.

On the date fixed for hearing, Ms. Neelam Sharma, Vice-Principal, Sh. S.P. Singh, Accountant and Ms. Chitra Aggrawal, Accountant, appeared and they were heard by the Committee. When asked to produce the cash book and ledger for examination by the Committee, they confessed that the school was not maintaining any cash book or ledger. It is not understandable how the school is preparing its balance sheet and getting them audited in the absence of books of account. The school claims to have been registered with Provident Fund authorities. On perusal of P.F. returns produced by the school, it is observed that there is hardly any increase in salary w.e.f. April 2010 when the VI Pay Commission is alleged to have been implemented. In this view of the matter, the committee is of the opinion that contrary to its claim, the school has not implemented the 6th Pay Commission report.

On examination of the fee schedules, submitted by the school, the Committee has found that the fee hike effected by the school for various classes was as follows:

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Class	Fee Increase in 2009-10	Fee Increase in 2010-11	Percentage Increase (2010-11)
Pre Primary to V	Rs.100	Rs.200 to 295	50%
VI to VIII	Rs.200	Rs.360 to 385	50%
IX - X	Rs.200	Rs.405 to 410	50%

The fee hiked by the school during 2009-10, as per details given in the above table was the maximum hike permitted vide order dated 11/02/2009 of the Director of Education for the purpose of implementation of VI Pay Commission Report. During the year 2010-11, the school hiked the fee by 50%.

The Committee is of the view that the fee hiked by the school w.e.f. 01.04.2009 to the maximum extent permitted by the order dated 11/02/2009 of the Director of Education and 50% hike w.e.f. April 2010, was wholly unjustified as the underlying purpose of fee hike i.e. implementation of VI Pay Commission was not fulfilled. The order of the Director of Education was taken undue advantage of by the school for unjust enrichment. The fee hiked in 2009-10 and 2010-11 for different classes ought to be refunded along with interest @ 9% per annum. Recommended accordingly.

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 09.05.2013

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Sd/-

CA J.S. Kochar Dr. R.K. Sharma
Member Member

Sd/-



Bhagirathi Bal Shiksha Sadan Secondary School,

Dayalpur Extn. Delhi - 110 094

The school had not replied to the questionnaire sent by the Committee by email on 27.02.2012. However, the returns of the school under Rule 180 of the Delhi School Education Rules, 1973 were received from the Office of the Deputy Director of Education, District North East of the Directorate of Education. On prima facie examination of the records, it appeared that the school had hiked the fee in terms of the order dated 11.02.2009 of the Director of Education and had also implemented the 6th Pay Commission. Accordingly, it was placed in Category 'B'.

In order to verify the returns of the school, it was directed vide notice dated 09.05.2013, to produce its fee, salary and accounting records and also to submit reply to the questionnaire on 07.06.2013.

In response to the notice, Shri N.K. Sharma, Manager appeared and produced the records of the school. Reply to questionnaire was also filed. As per the reply, the school claimed to have implemented the 6th Pay Commission Report w.e.f. April, 2009 and had also increased the fee in terms of order dated 11.02.2009 of the Director of Education. However, it was claimed, that as arrear fee was not collected from the students. the arrears of salary were not paid

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For Secretary



The records produced by the school were examined by Shri N.S. Batra, Audit Officer of the Committee. He observed to the effect that the school had increased the fee by Rs.200 p.m. for all classes w.e.f. April 2009, which was the maximum permissible as per the order dated 11-02-2009 of the Director of Education. During the financial year 2010-11, the hike in fee was within the tolerance limit of 10%. The school had also implemented the report of 6th Pay Commission w.e.f. April, 2009.

In order to provide an opportunity of hearing to the school and in order to verify the aspect of the implementation of the 6th Pay Commission report, vide notice dated 27.06.2013, the school was directed to appear before the Committee on 24.07.2013, along with its fee, salary and accounting records. However, nobody appeared on the scheduled date. Another opportunity was provided to the school vide notice dated 24.07.2013 to appear before the Committee on 29.07.2013. On this date, Shri N.K. Sharma, Manager of the school appeared before the Committee and produced the records. He was heard. The records of the school were also examined.

During the course of hearing, the Manager of the school contended that the 6th Pay Commission Report had been implemented w.e.f. April, 2009. On examination of its books of accounts, the Committee observed that even after the purported implementation of the 6th Pay Commission report, when the salaries of the staff had

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become quite substantial, the same were paid in cash. It was also found by the Committee that no TDS was deducted from the salaries. On a query by the Committee, the Manager admitted that the school did not even have a TDS Account No. (TAN). He contended that despite implementation of 6th Pay Commission Report, no employee became subject to TDS as all of them received lesser salaries on account of excessive leave taken by them. On examination of the books of accounts and salary registers, it was observed by the Committee that besides the monthly salary, ad-hoc cash payments had been shown in the salary account. The Manager contended that the ad-hoc cash payments had been made to the ad-hoc staff. On examination of the salary records of the ad-hoc staff,, the Committee observed that they did not suffer any deductions on account of excessive leave as compared to the regular staff.

The Committee has examined the returns of the school, its reply to the questionnaire, the observations of the Audit Officer and the submissions made by the Manager of the school during the course of hearing. The contention of the school that the report of 6th Pay Commission has been implemented is also hard to swallow. Every stratagem has been used to camouflage the real picture. Even after the purported implementation of the 6th Pay Commission report, the staff continued to draw almost the same salary, albeit with a minor increase. When confronted with this

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peculiar circumstance, the school tried to brush it aside by trying to show that the staff started taking excessive leave after implementation of the 6th Pay Commission report. The school, however, failed to explain why the ad-hoc staff which did not enjoy the fruits of 6th Pay Commission, did not take any excessive leave. The payments of salary were made in cash so that it is not amenable to verification. In the view of the Committee, the claim of the school that it implemented the recommendations of 6th Pay Commission is nothing but a moonshine. It was used as a ruse to hike the fee as permitted by the order of the DoE, which was contingent upon the school implementing the 6th Pay Commission report. In the circumstances, the Committee is of the view that the hike in fee in 2009-10 amounting to Rs.200 p.m. for all classes, which was much in excess of the tolerance limit of 10%, was unjustified and ought to be refunded. The Committee, therefore recommends, that the hike in the fee effected by the school in 2009-10 in excess of 10% ought to be refunded along with interest @ 9% per annum. Since the unjustifiably hiked fee in 2009-10 is also part of the fee for the subsequent years, the fee of the subsequent years to the extent it relates to the fee of 2009-10 which the Committee has found to be unjustified, ought also be refunded alongwith interest @ 9% p.a.

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Recommended accordingly.

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Justice Anil Dev Singh (Retd.)
Chairperson

J.S. Kochar
Member

Dr. R.K. Sharma
Member

Dated : 14/08/2013

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For Secretary



Adarsh Public School, C Block, Vikas Puri, New Delhi-110058

The school had not submitted reply to the questionnaire dated 27/02/2012 sent by the Committee. However, the school had submitted detailed statements regarding the additional payment of salary consequent to implementation of VI Pay Commission and the fee increased pursuant to order dated 11/02/2009 issued by the Director of Education to the Education Officer, Zone-18, District West-B of the Directorate of Education, under cover of its letter dated 30/01/2012. These details were forwarded to the Committee by the Dy. Director of Education, District West-B. As per these statements, the monthly salary paid to the staff for the month of February 2009 amounted to Rs. 5,57,288 while the same went up to Rs. 24,04,087 for the month April 2009, when the VI Pay Commission was supposedly implemented. As for the arrears paid to the staff, it was projected that the same was paid in three instalments and the total outgo on this account Rs. 97,60,000. It was also shown that the fee was increased w.e.f. 01/09/2008 to the tune of Rs. 200 per month for classes III to IX and Rs. 300 per month for classes I, II and X to XII. The increase in development fee was also shown to be between Rs. 30 and Rs. 180 per month. Copies of circulars issued to parents of students of different classes were also enclosed, showing the demand raised for payment of arrear fee from 01/04/2006 to 31/08/2008 and

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from September 2008 to March 2009. On the basis of this information, the school was placed in Category 'B'.

Preliminary examination of the financials of the school was carried out by the Chartered Accountants detailed with this Committee. As the school claimed to have increased the tuition fee w.e.f. 01/09/2008, the balance sheet of the school as on 31/03/2008 was taken as the basis for calculation of the funds available with the school for the purpose of implementation of the VI Pay Commission Report. As per the preliminary calculations made by the Chartered Accountants detailed with this Committee, the funds available with the school as on 31/03/2008 were to the tune of **Rs. 3,49,79,920**. The arrears of VI Pay Commission payable to the staff were **Rs. 97,60,000**. The additional burden on account of increased salary due to implementation of VI Pay Commission from 01/09/2008 to 31/03/2010 was **Rs. 2,50,81,303**. The arrear fee recovered by the school was **Rs. 66,07,700**. The additional revenue accruing to the school on account of increased fee from 01/09/2008 to 31/03/2010 was **Rs. 1,09,88,300**. The school was, therefore, served with a notice dated 12/11/2012 for providing it an opportunity of hearing by the Committee, and for enabling it to provide justification for the hike in fee.

On 26/11/2012, the date fixed for hearing, Sh. P.K. Sehgal, Chairman and Sh. S. S. Sharma, Member of the Managing Committee appeared along with Sh. Ashok Kumar Jain, CA and Auditor of the

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school. They were provided with a copy of the preliminary calculations prepared by the CAs detailed with the Committee. They sought time to respond to the calculations. Accordingly, the next hearing was fixed for 07/12/2012. They were also asked to justify the collection of development fee as apparently, the school had treated the development fee as a revenue receipt in the financials and had also not created development fund and depreciation reserve fund.

On 07/12/2012, the aforesaid representatives of the school again appeared and filed written submissions dated 07/12/2012 along with which they filed their own calculations of funds available with the school. On perusal of the same, it was observed that the school was claiming that it ought to be allowed to keep a reserve equivalent to three months salary. It was also claimed that provision for increased liability towards gratuity on account of implementation of VI Pay Commission should be allowed. However, no details of such increased liability were filed. They sought further time for doing the needful. As for development fee, they sought to file a revised submission. Accordingly the hearing was adjourned to 26/12/2012. However the school was advised to file the written submissions and details of gratuity by 12/12/2012.

The school filed written submissions dated 12/12/2012 and a revised calculation sheet of funds available along with information regarding gratuity liability as on 31/03/2008 and 31/03/2010. Schedule of fixed assets as on 31/03/2009 and 31/03/2010 acquired

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out of general fund and development fund were also filed. A statement showing tuition fee and salary expenses for 2009-10 and 2010-11 was also filed. On the date of hearing i.e. 26/12/2012, Sh. S.S. Sharma and Sh. Ashok Jain appeared and during the course of hearing, it was observed by the Committee that there was a serious flaw in the preliminary calculations made by the CAs detailed with the Committee, although the mistake was attributable to the information provided by the school itself. The school seemed to be taking advantage of the calculation error. It was found that the salary for the month of February 2009 (before implementation of VI Pay Commission) which had been shown at Rs. 5,57,288 by the school was immensely understated. The salary for the month of April 2009 (post implementation of VI Pay Commission) was shown to have shot up to Rs. 24,04,087, that is to say that on account of implementation of VI Pay Commission, the monthly salary bill had increased by 331%, which was, ex facie, impossible. The mistake, which was by accident or design, was not detected by the CAs detailed with the Committee and the school seemed to be taking advantage of such mistake by adopting the calculation on this aspect, as made by the CAs, in its own calculation sheet. When confronted with this, the school admitted the mistake and undertook to rectify it. Accordingly the hearing was adjourned to 11/01/2013. At this stage, the Committee thought it fit to require the school to specifically reply to the questionnaire dated 27/02/2012 issued by the Committee. Accordingly, vide letter dated 02/01/2013, the school was advised to

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submit reply to the questionnaire on the next date of hearing which had already been fixed for 11/01/2013. On this date, the school filed a very vague reply to the questionnaire and sought adjournment on account of the illness of its Chartered Accountant. The hearing was adjourned for 23/01/2013. However, on account of certain exigencies, the meeting of the Committee scheduled for 23/01/2013 was cancelled and the school was informed of the same on 16/01/2013. The hearing was rescheduled for 08/02/2013 vide notice dated 21/01/2013.

On 08/02/2013, Sh. P.K. Sehgal, Chairman and Sh. S.S. Sharma, Member of the Managing Committee appeared with Sh. Ashok Kumar Jain, CA and filed written submissions dated 08/02/2013, **in supersession of its earlier submissions**. The representatives of the school were also orally heard by the Committee and the hearing was concluded.

Submissions:

Along with the written submissions, the school submitted a revised statement of availability of funds. It was contended that as per this statement, there was actually a deficit of Rs. 22,00,869 with the school after payment of increased salary on account of implementation of VI Pay Commission. It was contended that difference between the preliminary calculations of the Committee and those made by the school was on account of the following reasons:

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- (i) The net current asset as on 31/03/2008, as taken by the Committee at Rs. 3,49,79,920 included surplus on account of all charges received by the school viz. tuition fee and funds collected for specific purposes like annual charges, laboratory charges, examination charges, transport fee, activity fees, computer fees etc. The surplus generated on account of these fees amounting to Rs. 1,75,72,373 ought to have been excluded from the funds available as worked out by the Committee, as in terms of sub Rule 3 of Rule 177 of the Delhi School Education Rules 1973, the surplus on account of funds collected for specific purposes are to be used for those purposes only.
- (ii) Salary reserves equivalent to three months salary which is Rs. 84,57,189 ought to be set apart.
- (iii) The increase in gratuity liability as on 31/03/2010 amounting to Rs. 37,74,018 should also be deducted.
- (iv) Depreciation reserve fund of Rs. 22,89,102 on assets acquired during the year 2008-09 and 2009-10 should also have been deducted as depreciation reserve fund had been created during these years.
- (v) Unutilised development fund of Rs. 14,68,916 for the year 2009-10 should also have been deducted.

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- (vi) The contingent liability on account of leave encashment payable to the teachers on superannuation/voluntarily retirement should also be taken into account.
- (vii) The deficit on account of enhanced salary payable to the teachers vis a vis fee recoverable from the students during 2009-10 and 2010-11 should also be taken into account. The deficit during 2009-10 was Rs. 22,22,886 and Rs. 39,96,859 in 2010-11.
- (viii) Reserve fund for meeting future contingencies of the school should also be considered.

Discussion:

The Committee has considered the aforementioned contentions of the school. These are discussed in the following paras.

Re.: Exclusion of surplus on account of fees recovered for specific purposes.

This issue requires two aspects to be considered. The first aspect is whether the recovery of fee towards laboratory charges, examination charges, activity fee, computer fee, transport fee and annual charges are, per se, fee recovered for specific purposes? The Committee is of the view that laboratory fee, examination fee, activity fee and computer fee cannot be termed as fee for specific purposes as all these so called activities are part of normal curriculum and recovery under these heads is nothing but splitting up of tuition fee.

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Only annual charges and transport fee can be considered as fee for specific purposes. Annual charges are meant for recovery of school overheads while transport fee is to be recovered from the students availing of transport facilities. On perusal of the calculation sheet submitted by the school, it transpires that the school is claiming deductions on account of accumulations which have been projected by the school as follows:

(a) Out of annual charges	Rs. 1,04,14,615
(b) Out of examination fee	Rs. 55,71,078
(c) Out of laboratory fee	Rs. 15,86,680

At the same time, the school has projected a **deficit** out of the following fees:

(a) Out of activity fee	Rs. 3,40,280
(b) Out of computer fee	Rs. 1,21,597
(c) Out of transport fee	Rs. 30,24,669

A close examination of the data submitted by the school shows that there is a consistent accumulation from annual charges, examination fee and laboratory fee, year after year, from 1999-2000 to 2007-08. This would indicate that the school is recovering more fee than is required under these heads by artificially suppressing the tuition fee. This is nothing but a device used by the school to show accumulation of funds under these heads so that they can be shown as having been kept apart. Normally when fee is recovered for specific

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purposes, the revenue and expenditure on those accounts would nearly match. These fees are not for meeting any capital expenditure which would require funds to be accumulated but are for meeting the revenue expenditure. Accumulations out of these fees can only be incidental or accidental. When there is a consistent pattern of accumulation of funds under these heads, the inescapable conclusion is that the school was recovering more fee under these heads than was required and to that extent, the tuition fee was suppressed. In the circumstances, the Committee finds no reason to exclude the accumulations out of annual fee, laboratory fee and examination fee from the funds available which could be used for implementation of VI Pay Commission. Only accumulation under the head transport fee could have been excluded. However, the school has itself projected that instead of any accumulation, the school actually had a deficit of Rs. 30,24,669 on account of transport fee. This would indicate that the school was diverting part of the accumulations out of tuition fee and annual fee to meet the transport expenses. Hence instead of allowing any deduction on account of specific purpose fees, there is a case for addition of the deficit on account of transport fee to the figure of funds available. However, the Committee is not inclined to do so as the bifurcations under the different heads of the school fee are only found to be artificial and have no bearing to the actual expenditure under those heads.

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The second aspect to be considered is the reliance placed by the school on rule 177 (3) of the Delhi School Education Rules 1973 to claim exclusion of accumulations out of so called specific purpose funds. For considering this contention, it will be profitable to refer to sub rules 3 & 4 of the Rule 177 of the Delhi School Education Rules, 1973, which read as under:

177 (1)..

(2)

(3) Funds collected for specific purposes, like sports, co curricular activities, subscriptions for excursions or subscriptions for magazines, and annul 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).

(4) 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.**

The manner of administration of Pupils fund is given in Rule 171 which reads as follows:

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171. Pupils' Fund Advisory Committee-

- (1) The administration and expenditure of the Pupil's Fund in all recognized schools shall vest in the head of the school, who shall be assisted and advised by a committee, to be called the "Pupils' Fund Advisory Committee".
- (2) The Pupils' fund Advisory Committee shall consist of:
 - (a) the head of the school;
 - (b) at least two teachers employed in the school to be nominated by the head of the school;
 - (c) two students of the classes in the Secondary and Senior Secondary stage to be nominated by the head of the school.
- (3) One of the teacher members of the Pupils' Fund Advisory committee shall function as the secretary of the Committee and shall maintain the minutes of the decision taken at the meetings of the Committee in a properly maintained Minutes Book.
- (4) The Minutes Book of the Pupils' Fund Advisory Committee shall be liable to inspection the Director or any officer authorized by him in this behalf or by any officer of the office of the Accountant General, Central Revenues.
- (5) The function of the Pupils' Fund Advisory Committee shall be -

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- (a) to discuss and pass budget for expenditure from the Fund;
 - (b) to deal with all other matters relating to the proper utilization of the Pupils' Fund
- (6) the Pupils' Fund Advisory Committee may also give advice with regard to—
- (a) applications from the students, parents, or guardians for exemption from the payment of any fee, subject to such limit, as may be specified by the Director; or
 - (b) any other matter which may be referred to it by the head of the school.

It is apparent from a combined reading of Rules 171 and 177 that in order that the school may claim that funds received on account of fee heads like annual charges, fee for excursions etc. may be kept apart, the school ought to maintain earmarked funds for these accounts and the administration of such funds has to be in accordance with the provisions of Rule 171. No claim has been made before the Committee that the school was fulfilling the rigorous requirements of administration of such funds as mandated under Rule 171. When the school was not complying with the requirements of Rule 171, the school cannot rely on Rule 177(3) to claim exclusion of accumulated funds under heads other than tuition fee from the

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JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

funds available with the school for implementation of VI Pay Commission Report.

Reg: Reserves for future contingencies

The school has claimed that reserve equivalent to three months salary amounting to Rs. 84,57,189 ought to be set apart. Further, the school has claimed that some reserve for future contingencies should also remain with the school. The Committee is in agreement with these contentions of the school. Consistent with the view taken by the Committee in cases of other schools, the Committee is of the view that the school ought to retain a total reserve equivalent to four months' salary for meeting any contingency in future. The monthly salary, post implementation of VI Pay Commission, is Rs. 24,49,087. Based on this, the school ought to retain funds to the tune of **Rs. 97,96,348** and the same will be considered while making the final determination.

Re.: Increase in gratuity liability as on 31/03/2010

The school has given employeewise detail of its accrued liability towards gratuity as on 31/03/2010 and that as on 31/03/2008. The aggregate amount of accrued gratuity as on 31/03/2010 was Rs. 80,15,758 while that as on 31/03/2008 was Rs. 42,41,740. While the gratuity payable as on 31/03/2008 has already been taken into consideration in the preliminary calculations of funds available as on 31/03/2008, the additional liability that accrued on account of gratuity for the years ending 31/03/2009 and 31/03/2010 have to be

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taken into consideration. The Committee accepts this proposition and the incremental liability as on 31/03/2010 amounting to **Rs. 37,74,018** will be factored in while making the final determination.

Re.: Exclusion of unutilized development fund and depreciation reserve fund.

The contention of the school that unutilized development fund received in the year 2009-10 amounting to Rs. 14,68,916 and depreciation reserve fund amounting to Rs. 22,89,102 on assets created out of development fee in 2008-09 and 2009-10 should be excluded from the figure of funds available as on 31/03/2008, deserves to be outrightly rejected for the simple reason that while making the calculations of funds available as on 31/03/2008, the funds generated in 2008-09 and 2009-10 have not and could not have been included in the first place. No earmarked development and depreciation reserve funds were held as on 31/03/2008. Hence there is no case for exclusion of these funds. These contentions would be considered when we discuss the issue of development fee of 2009-10 and 2010-11.

Re.: Contingent liability on account of leave encashment

The school has not submitted any estimates of leave encashment due as on 31/03/2010. Presumably there is no such liability and the school only wants the Committee to estimate its future liability which would arise on superannuation or voluntary

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retirement of staff. Such an exercise is not required as the Committee is concerned with the fee hike pursuant to order dated 11/02/2009 of the Director of Education and estimates of future liabilities cannot be factored in such calculations.

Re.: Deficit in salary vis a vis fee in 2009-10 and 2010-11

The Committee cannot presuppose the figures of deficit of fee vis a vis salary in 2009-10 or 2010-11. This would be determined by the Committee and the Committee cannot accept the figures given by the school as gospel truth.

Determination

Tuition Fee:

The Committee has determined that the school had funds to the tune of **Rs. 3,49,79,920** as available on 31/03/2008. This has also been accepted by the school in the calculation sheet submitted by it. However, as discussed above, the school ought to retain the following amounts out of such funds:

(a) Reserve for future contingencies	Rs. 97,96,348
(b) Incremental liability of gratuity as on 31/03/2010	Rs. 37,74,018
	Rs. 1,35,70,366

Hence the funds available with the school for the purpose of implementation of VI Pay Commission were to the tune of **Rs. 2,14,09,554**. The total liability of the school towards arrears on account of retrospective application of VI Pay Commission w.e.f.

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COMMITTEE
For Review of School Fee

01/01/2006 to 31/08/2008 was Rs. 97,60,000, a figure given by the school itself. The total liability of increased salary for the period 01/09/2008 to 31/03/2010 was Rs. 1,14,55,192. This figure has also been given by the school itself after making amends to the figures given earlier. Hence the total impact of the implementation of VI Pay Commission on the school was **Rs. 2,12,15,192**. Since the funds with the school which were available for implementation of VI Pay Commission, were more than its liability for increased salary and arrears, there was no need for the school to have hiked any fee in terms of order dated 11/02/2009 of the Director of Education. However, of its own showing, the school recovered a sum of **Rs. 66,07,700** towards arrear fee and **Rs. 1,09,88,300** towards incremental fee for the period 01/09/2008 to 31/03/2010. The Committee is of the view that this recovery of **Rs. 1,75,96,000** was wholly unjustified and ought to be refunded along with interest @ 9% per annum.

Development Fee:

In the written submissions dated 08/02/2013, the school has stated that it recovered development fee amounting to Rs. 42,37,177 in 2009-10. Out of this, an amount of Rs. 27,68,261 was utilised for purchase of fixed assets leaving a balance of Rs. 14,68,916. It was further contended that the school had created depreciation reserve fund in 2008-09 and 2009-10 for an amount of Rs. 22,89,102 which is equivalent to the depreciation charged on fixed assets acquired out

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of development fee. It is thus claimed that the school was fulfilling all the requirements of charging the development fee.

The contention of the school has been examined with reference to the financials of the school. It is observed by the Committee till 2008-09, the school was treating development fee as a revenue receipt. Since this accounting treatment was not in accordance with the conditions laid down by the Duggal Committee which was affirmed by the Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583, the development fee prior to 31/03/2009 has been considered as part of general fund and has already been taken into account while working out the funds available with the school for the purpose of implementation of VI Pay Commission Report. With effect from 2009-10, the school started maintaining development fund and depreciation reserve fund. However the school has earmarked funds in these accounts much in excess of the unutilized development fund and depreciation reserve fund on assets acquired out of development fund since 2009-10. But this aspect will have impact only in future when a working of funds available is required to be made for any other purpose like implementation of VII Pay Commission.

Since the school has started fulfilling the conditions laid down by the Duggal Committee for charging development fee w.e.f. 2009-10, the Committee is of the view that no intervention is required in so far as development fee is concerned.

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COMMITTEE
For Review of School Fee

Recommendations:

In light of the above determinations, the Committee recommends that the school ought to refund a sum of Rs. 1,75,96,000, which has been found to be unjustly hiked, along with interest @ 9% per annum

Sd/-

Dr. R.K. Sharma
Member

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 27/06/2013

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JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

Shri Sanatan Dharam Secondary School,**Krishna Nagar, Ghondli, Delhi – 110 051**

In reply to the questionnaire sent by the Committee by email, the school admitted that while it had not implemented the 6th Pay Commission report, it had hiked the fee in terms of order dt. 11.02.2009 issued by the Director of Education with effect from 01.04.2009. It was also stated that no arrears of fee were recovered by the school. Based on this reply, the school was placed in Category 'A'. In order to verify the returns filed, the school, vide letter dt.09.08.2012, was directed to produce its fee, salary and accounting records. On the scheduled date, Mrs. Meenu Sharma, Principal of the school appeared and produced the records of the school. The records produced were examined by Shri A.D Bhateja, Audit Officer of the Committee. His observations were that the school had hiked the fee during 2009-10 by Rs.100 per month which worked out to an average hike of 26.61%. During 2010-11, the school did not hike the fee. The school had not collected arrears of tuition fee from the students and had also not paid the same to the staff. The salary was not being paid as per the recommendations of the 6th Pay Commission.

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In order to provide an opportunity of hearing, notice dated 04-06-2013, was issued to the school, with the directions to appear before the Committee on 21.06.2013. On the appointed date, Mrs. Meenu Sharma, Headmistress of the school appeared with Mrs. Kiran Chopra.

It was fairly conceded by the representatives of the school, that it had increased the fee in terms of the order dated 11.02.2009 of the Director of Education but had not implemented the report of 6th Pay Commission due to lack of resources. The arrears of fee had not been recovered from the students and development fee had also not been charged.

The Committee has examined the returns of the school, its reply to the questionnaire, the observations of the Audit Officer and the submissions made during the course of hearing. Admittedly, the school had not implemented the 6th Pay Commission. However, the school took advantage of the order dated 11.02.2009 issued by the Director of Education and hiked the fee w.e.f. 01.04.2009 and that too to the maximum extent. This becomes clear when we examine the pre hike and the post hike fee which is tabulated below:

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For Secretary



Class	Monthly Tuition fee in 2008-09 (Rs.)	Monthly Tuition fee in 2009-10 (Rs.)	Monthly increase in 2009-10	%age increase
VI to VIII (Hindi medium)	280	380	100	35.71%
VI to VIII (English medium)	430	530	100	23.25%
IX & X	500	600	100	20.00%

While the Committee is in agreement with the argument of the school that 6th Pay Commission could not be implemented with such levels of fee, the same can hardly be a justification for hiking the fee to the maximum extent which was permitted vide order dt. 11.02.2009 of the Director for the specific purpose of implementation of 6th Pay Commission. More so, when the school knew beforehand that even after the hike in fee, it would not be in a position to implement the 6th Pay Commission. At best, the school could have hiked the fee by 10% to offset the impact of inflation. The Committee is therefore of the view that the hike in fee in 2009-10, which was in excess of 10%, was unjustified and ought to be refunded alongwith interest @ 9% p.a. However, as the school did not increase any fee in 2010-11, the Committee is refraining from recommending any refund out of the fee for subsequent years.

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Recommended accordingly.

~~CA J.S. Kochar~~
Member

~~Dr. R.K. Sharma~~
Member

Dated :14/08/2013

I agree
14/08/2013

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~~Secretary~~
Secretary



Guru Angad Public School, Ashok Vihar, Phase- I, Delhi - 110 052

The school had not replied to the questionnaire sent by the Committee on 27.02.2012. However, the annual returns of the school were received from the Office of the Deputy Director, North West B District of the Directorate of Education. On preliminary examination of the records, it appeared that the school had neither hiked the fee in accordance with the order dt.11.02.2009 of the Director of Education nor implemented the 6th Pay Commission. Accordingly, it was placed in Category 'C'.

In order to verify the returns of the school, it was directed vide notice dt.15.05.2012, to produce its fee, salary and accounting records and also to submit reply to the questionnaire on 31.05.2012. On this date, Mrs. Sunita Taneja and Mrs. Jaswinder Kaur, Office Staff of the school appeared and produced the required records.

The records produced by the school were examined by Mrs. Sunita Nautiyal, Audit Officer of the Committee. Her observations were that the school had hiked the tuition fee by 10% in 2009-10 and 2010-11. The earmarked levies had been increased by Rs.35/- to Rs.40/-P.M.(36 to 46%) in 2009-10 and by Rs.10/-to Rs.20/-P.M.(10% to 13%) in 2010-11.Development fee had also increased by

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For Secretary



Rs.15/- and Rs.10/- in 2009-10 and 2010-11, respectively. The school had not implemented the 6th.Pay Commission report.

In order to provide an opportunity of hearing to the school, vide notice dated 25.04.2013, the school was directed to appear before the Committee on 09.05.2013 along with its fee and accounting records.

On the appointed date of hearing, Mrs. Sunita Taneja, Senior Office Assistant of the school appeared before the Committee. She was heard. The records of the school were also examined.

During the course of hearing, the school representative reiterated that the recommendation of the 6th Pay Commission had not been implemented. It was also claimed that in 2009-10, the school had hiked tuition fee by Rs.50/- for classes I to V and by Rs.55/- for classes VI to X which was within the range of 10%.The school had also hiked earmarked levies by Rs.35/- for classes I-V and by Rs.40 for classes VI-X. It was contended that the earmarked levies were towards computer education. With regard to development fee, it was conceded that the same was treated as a revenue receipt and no development fund on depreciation reserve fund was maintained.

The Committee has perused the returns of the school, the observations of the Audit Officer and the submission orally made during the course of hearing. The Committee is of the view that the

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For
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Computer Fee, which is claimed to be an earmarked levy has to be treated as a part of Tuition Fee as Computer Education cannot be put on a pedestal different from general education. Thus for calculating the tuition fee hike, the aggregate of Tuition Fee and Computer Fee has to be considered. So considered, the tuition fee in 2008-09 was Rs.595 per month for classes I to V and Rs.685 per month in 2009-10. For classes VI to X, the same was Rs.630 per month and Rs.725 for the respective classes. Thus the hike effected in 2009-10 was Rs.90 per month for classes I to V and Rs.95 per month for classes VI to X.

The percentage increase was 15.12 and 15.08 respectively. Admittedly, the school has not implemented the 6th Pay Commission. The committee has taken a view that where the school has not implemented the 6th Pay Commission, fee hike upto 10% may be tolerated to offset the effect of inflation.

Hence, the Committee is of the view that, in so far as tuition fee (including computer fee) is concerned, the school ought to refund the fee received in 2009-10, in excess of the fee for 2008-09 as adjusted for 10% hike along with interest @9% per annum.

Since the fee hike in 2009-10 would also be part of the fee for subsequent years, the same also ought to be refunded to the extent it relates to the unjustified fee hike in 2009-10.

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Secretary

With regard to development fee, since the school was treating the same as a revenue receipt and not maintaining development fund or depreciation reserve fund, the pre-condition laid down by the Duggal Committee as affirmed by the Hon'ble Supreme Court in the case of Modern School Vs. Union of India were not being fulfilled. As such, the development fee was not charged justifiably. The Committee noticed that during the year 2009-10, the school was charging development fee @ Rs.70 per month while that charged in 2010-11 was Rs.80 per month for classes pre-school to X and Rs.2250 per annum for classes XI to XII. These levies also ought to be refunded along with interest @ 9% per annum.

Recommended accordingly.

Sd/-

Sd/-

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

DR. R.K. Sharma
Member

J.S. Kochar
Member

Dated :14/08/2013

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Secretary



Green Land Model School Shastri Park New Delhi-110053

The school had not submitted its reply to the questionnaire sent by the Committee on 27/02/2012. However, the returns of the school under rule 180 of the Delhi School Education Rules, 1973 were received from the Office of Dy. Director, District North-East, of the Directorate of Education. On prima facie examination of the returns, it appeared that the school had neither hiked the fee in terms of the order dated 11.02.2009 of the Directorate of Education nor had implemented the recommendations of the 6th Pay Commission. Accordingly, the school was placed in Category 'C'.

In order to verify the returns, the school, vide letter of the Committed dated 10.07.2012 was directed to produce its fee and salary records and also to submit reply to the questionnaire on 17.07.2012. On scheduled date no body attended the office of the committee.

On 24.07.2012 Sh. Ajay Kumar Sharma, representative of the school, submitted a letter requesting for 15 days' time to submit records for verification. The school was directed to produce the record on 03.08.2012.

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COMMITTEE
For Review of School Fees

On the scheduled date, Sh. Jugal Kishore, Manager of the school, along-with Sh. Satvir Singh Accountant, appeared and produced the records of the school. Reply to the questionnaire was also filed, as per which the school had neither implemented the recommendation of the 6th Pay Commission nor had increased the fee. The records, produced were examined by Shri N.S. Batra, Audit Officer of the Committee. His observations were that, the school had not implemented the recommendation of the 6th Pay Commission. The school had also not hiked the fee in accordance with the order dated 11.02.2009 of the Director of Education. The hike in fee was marginal in 2009-10 and was less than 10% in 2010-11%. The salaries to the staff were paid in cash. The school did not produce the fee receipts on the plea that the receipts generated by the computer were issued to the students and no office copies were kept.

In order to provide an opportunity to present its case, notice of hearing dated 24/05/2013, was served to the school with the directions to appear before the Committee on 04.06.2013. A questionnaire regarding development fee was also issued to the school.

On the appointed date of hearing Sh. Ajay Kumar Parashar, Member, Management committee of the school, appeared and informed the Committee that the manager of the school had been

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hospitalized and requested for a short adjournment for this reason.

As per his request the hearing was adjourned to 06.06.2012.

On 06.06.2012, Sh. Jugal Kishore, Manager of the school appeared before the committee. It was contended by the school Manager that, the school catered to the under-privileged section of the society, therefore can-not increase the fee to implement the 6th. Pay Commission report. As regard fee receipts, it was contended that office copies of the fee receipts are not preserved and the originals are handed over to the students. The Manager of the school was directed to produce the copies of fee receipts for the month of March and April, 2009, before the audit officer of the committee on 17.06.2013, for verification.

On 17.06.2013, Sh. Jugal Kishore submitted copies of fee receipts. The audit Officer of the committee, on examination of the receipts had observed that the school had charged development fee @ Rs.550.00 and Rs.600.00 in 2008-09 and 2009-10, respectively, at the time of admission, in addition to tuition fee, examination fee and pupil fund. The Manager of the school sought a fresh hearing by the Committee which was granted on the same day. During the course of hearing, they filed reply to the questionnaire with regard to the development fee. As per the reply the school was charging development fee and the same had been treated as revenue receipt. Further, the school was not maintaining any depreciation reserve

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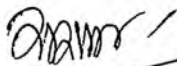
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COMMITTEE
For Review of School Fee


fund. As per the details submitted along with the reply to the questionnaire, the school collected a sum of Rs.70,050/- as development fee in 2009-10 and Rs.28,800/- in 2010-11.

The Committee has examined the returns of the school, observations of the Audit Officer, the replies of the school to the two questionnaires and the submission made during the course of hearing. The Committee is of the view that although the school admittedly did not implement the 6th Pay Commission Report, no intervention in the matter of tuition fee is called for as the fee hike was marginal. However, the development fee charged by the school was not in accordance with the conditions laid down by the Duggal Committee as the same was treated as a revenue receipt and no depreciation reserve fund was maintained. These conditions were upheld by the Hon'ble Supreme Court in the case of Modern School Vs. UOI and Others. Therefore, the school ought to refund the development fee of Rs.70,050/- charged in 2009-10 and Rs.28,800/- charged in 2010-11 along with interest @9% p.a.

Recommended accordingly.



DR. R.K. Sharma
Member



J.S. Kochhar
Member

Dated: 29-07-2013

I agree with the
recommendations
AS
29/07/2013

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ANIL DEV SINGH
COMMITTEE
For Review of School Fee

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Mata Kasturi Devi Senior Secondary Public School,

Gopal Nagar, Najafgarh, New Delhi - 110 043

The school had not submitted reply to the questionnaire sent by the Committee by email on 27/02/2012. However, the returns of the school under rule 180 of the Delhi School Education Rules, 1973 were received from the Office of Dy. Director, District South-West B, of the Directorate of Education. On prima facie examination of the returns, it appeared that the school had neither hiked the fee in terms of the order dt.11.02.2009 of the Directorate of Education nor had implemented the recommendation of the 6th Pay Commission. Accordingly, the school was placed in Category 'C'.

In order to verify the returns, the school, vide letter dt.13.07.2012 was directed to produce its fee, salary and accounting records and also to submit reply to the questionnaire on 24.07.2012.

On 24.07.2012, Sh. Kulbhushan Singh, Manager of the school, submitted a letter, requesting for some more time to produce the required records for verification. Accordingly, the school was asked to produce the record on 08.08.2012.

On the scheduled date, Sh. Kulbhushan Singh, Manager of the school, appeared and produced the records of the school. Reply to the questionnaire was also filed, as per which the school had neither

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For  Secretary



implemented the recommendation of the 6th Pay Commission nor had increased the fee. The records, produced were examined by Shri A.K. Vijn, Audit Officer of the Committee. His observations were that, the school had not implemented the recommendation of the 6th Pay Commission. The school had also not hiked the fee in accordance with the order dated 11.02.2009 of the Director of Education. The hike in fee was within 10%. Further, the Audit Officer observed that the school was charging development fee between Rs.320/- and Rs.1650/- for different classes during 2008-09 to 2010-11.

In order to provide an opportunity to present its case, notice of hearing dated 27/05/2013, was issued to the school with the directions to appear before the Committee on 17.06.2013.

On the appointed date of hearing Sh. Kulbhusan Singh, Manager of the school, appeared before the committee. It was contended by him that the school had not implemented the 6th.Pay Commission report. At the same time, it was contended that the school had not hiked fee in accordance with the order dated 11.02.2009 of the Director of Education. The school also filed written submission dated 17-06-2013, stating, inter alia, that development fee was treated as capital receipt. However, with regard to maintenance of earmarked development fund and depreciation reserve fund, the school was silent.

The Committee has perused the returns of the school filed under Rule 180 of the DSER, 1973, the observations of the Audit

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Officer, written submission filed and the records produced during the course of hearing and also the oral submissions made on behalf of the school.

On examination of the financials of the school, it is apparent that the school credits development fee to the Income and Expenditure Account and is thus treated as a revenue receipt. The development fee is utilized for expenditure on repairs and maintenance etc. and no earmarked development fund and depreciation reserve fund account are maintained by the school.

On examination of the fee schedule and fee records, the Committee observes that the school had hiked the tuition fee in the following manner: -

Class	Tuition fee in 2008-09 (Monthly)	Tuition fee in 2009-10 (Monthly)	Fee Increase in 2009-10 (Monthly)
I	360	380	20
II-III	390	420	30
IV-V	410	440	30
VI	470	490	20
VII	470	500	30
VIII	500	530	30
IX	620	640	20
X	700	720	20
XI (Commerce)	880	950	70
XI (Science, Medical)	1040	1150	110
XI (Science with Computer Science)	1260	1400	140
XII (Commerce)	900	1100	200
XII (Science, Medical)	1200	1400	200
XII (Science with Computer Science)	1480	1700	220

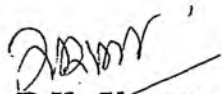
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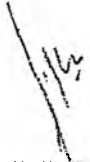
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Secretary



As is apparent from the above facts, the hike in tuition fee was around 10% in 2009-10, which in the absence of implementation of the 6th Pay Commission; the Committee feels reasonable and hence recommends no intervention. However, with regard to development fee, the Committee finds that the pre-conditions as prescribed by the Duggal Committee for collection of development fee, which were upheld by the Hon'ble Supreme Court in the case of Modern school Vs. Union of India (2004) 5 SCC 583, are not fulfilled by the school. As such, the levy of development fee was not justified. Hence, the Development Fee, which is charged by the school at varying rates for different classes (Rs.350 to Rs.1,500 in 2009-10 and Rs.350 to Rs.1,650 in 2010-11), ought to be refunded along with interest @9%.

Recommended accordingly.


DR. R.K. Sharma
Member


J.S. Kochar
Member

Dated:14/08/2013

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Pioneer Kamal Convent Secondary School,

Vikas Nagar, Hastal, New Delhi - 110 059

The school had not replied to the questionnaire sent by the Committee by email on 27.02.2012. However, the returns of the school under Rule 180 of the Delhi School Education Rules, 1973 were received from the Office of the Deputy Director, District West-B of the Directorate of Education. On prima facie examination of the records, it appeared that the school had not hiked the fee in terms of the order dated 11.02.2009 of the Director of Education. Accordingly, it was placed in Category 'C'.

In order to verify the returns of the school, it was directed vide notice dated 19.07.2012, to produce its fee, salary and accounting records and also to submit reply to the questionnaire on 06.08.2012.

On the scheduled date, Mrs. Savita Wasan, Principal of the school appeared and produced the required records. Reply to questionnaire was also filed. As per the reply, the school claimed that it had implemented the 6th Pay Commission w.e.f. April, 2009 and also paid the arrears of salary arising on account of retrospective application of the 6th Pay Commission. It also claimed that it had not

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For Secretary



increased the fee in terms of order dated 11-02-2009 of the Director of Education nor collected any arrears of fee.

The records produced by the school were examined by Shri N.K. Batra, Audit Officer of the Committee. He observed that contrary to its claim, the school had hiked the tuition fee by Rs.100 p.m. to Rs.200 p.m. in terms of order dated 11-02-2009 of the Director of Education. He also observed that the school had implemented the report of the 6th Pay Commission w.e.f. April, 2009. It was also observed that the balance of cash in hand as on 31.03.2010 as per the Cash book produced was Rs.7,34,405 while the Balance sheet as on that date showed a cash balance of only Rs.4,463, suggesting that the Balance Sheet might be fabricated. In support of his observation, he placed a copy of the last page of the cash book showing a balance of Rs.7,34,405, which was duly authenticated by the Principal of the school. The Principal signed the observation sheet of the Audit Officer.

In order to provide an opportunity of hearing to the school, vide notice dated 27.05.2013, the school was directed to appear before the Committee on 21.06.2013 along with its fee, salary and accounting records. As the final accounts of the school showed that the school was also charging Development fee, besides tuition fee, a questionnaire regarding Development fee was also issued to the school.

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On the appointed date, Mrs. Seema Bajaj, Manager, Mrs. Savita Wasan, Principal, Shri Pramod Kumar, Accounts Assistant and Shri Pradeep Kumar, Accountant of the school appeared before the Committee. They were heard. The records produced by the school were also examined.

Submissions

During the course of hearing, the representatives of the school also filed reply to the questionnaire regarding development fee. As per the reply, the school submitted that it started charging development fee in 2009-10. The total development fee charged in 2009-10 was Rs.3,84,360 while that charged in 2010-11 was Rs.4,96,240. It was also stated that the school purchased fixed assets for Rs.10,17,961 in 2009-10 and for Rs.4,99,254 in 2010-11 and since the utilisation of development fee was more than the amount charged on this account, it was left with no unutilized fund which needed to be kept in an earmarked account. However, it was conceded that the school was treating the development fee as a Revenue receipt. In a written submission, it was submitted that development fee was charged from the comparatively better off students in order to meet the shortfall in tuition fee due to inability of some students to pay their fee and due to which the school had to give concessions. With regard to Depreciation Reserve Fund, it was stated that the same was maintained in the books. It was not kept in earmarked bank account or securities.

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For  Secretary



With regard to tuition fee, it was conceded that the observations of the Audit Officer were correct and that it had indeed increased the tuition fee in terms of order dt. 11.02.2009 of the Director of Education. However, the school contended that it had implemented the report of 6th Pay Commission w.e.f. April, 2009 and arrears had also paid to the staff. In support of its contention, the school filed copies of Arrears pay bill showing a total payment of Rs.2,97,368, Pay bill for March 2009 showing total salary of Rs.2,59,404 and Pay bill for April showing total salary of Rs.2,76,580. Hence, it was contended that the fee hiked by the school was justified.

Discussion and Determination

Tuition fee

The purpose of allowing the schools to hike the fee in terms of the order dt. 11.02.2009 was that the schools should have sufficient funds to discharge its additional liabilities arising due to implementation of the 6th Pay Commission. Hence, where the schools have been found to have hiked the fee in terms of the aforesaid order, the Committee has to be convinced that it implemented the recommendations of the 6th Pay Commission in the first place. In order to substantiate its claim of having implemented the 6th Commission report w.e.f. April 2009, the school filed the following evidences:



- (a) Pay bill for March 2009 showing salary expenditure prior to implementation of 6th Pay Commission.
- (b) Pay bill for April 2009 showing salary expenditure after implementation of 6th Pay Commission.
- (c) Pay bill for Arrears due to retrospective implementation of 6th Pay Commission.

On comparing the pay bills for March 2009 and April 2009, the Committee observes that the monthly expenditure on salaries went up from Rs. 2,59,404 to just Rs.2,76,580 showing a paltry increase of Rs.17,176. The hike in percentage terms was just 6.62%. On examination of the total salary expenditure for the year 2009-10 vis-à-vis 2008-09, the Committee observes from the Income & Expenditure A/c for the two years that the same went up from Rs.34,54,115 in 2008-09 to Rs.37,45,909 i.e. an increase of just 8.44%. The increase was hardly sufficient to account for the normal annual increments and the increased DA which is announced every year. When the representatives of the school were confronted with these figures, it came the standard answer which many schools have been proffering that after implementation of the 6th Pay Commission, there was increased absenteeism amongst the staff and on that account lesser salaries were paid on account of deductions for excess leave. This is a device, which the Committee has found that it has been utilised by a large number of schools. The schools maintain that they do as they are advised.



Further, as regards payment of arrears, the Committee observed that the school has shown payments of heavy amounts as arrears to teachers and all such payments are shown to have been made in cash, despite the fact that the school was maintaining two bank accounts. Payments as large as Rs.1,04,470, Rs.48,912, Rs.43,437 are shown to have been made in cash. Here another important aspect needs to be considered. The Audit Officer of the Committee had made an observation that the cash balance as reflected in the cash book was Rs.7,34,405 while that shown in the balance sheet was Rs.4,463 as on 31.03.2010. On closer examination of the last page of the cash book, which was duly authenticated by the Principal of the school, the Committee observes that the cash balance was actually (-)7,34,405 in the cash book, meaning thereby that the school had shown more cash payments than the cash available with it. This shows that the report of the Chartered Accountants of the school that the Balance Sheet is in agreement with the books of accounts is not correct.

In view of the foregoing observations/findings of the Committee, it is more than apparent that the school has set up a false case of having implemented the 6th Pay Commission report. With regard to hike in tuition fee, the Committee observes that the school hiked the fee in 2009-10 as follows:

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Class	Monthly tuition fee (2008-09) (Rs.)	Monthly tuition fee (2009-10) (Rs.)	Increase in 2009-10 (Rs.)
Montessori I	500	600	100
Montessori II	500	600	100
I	500	600	100
II	515	700	185
III	515	700	185
IV	515	700	185
V	515	700	185
VI	650	800	150
VII	660	800	140
VIII	660	800	140
IX	825	1000	175
X	825	1000	175

As is apparent from the above table, the fee hiked by the school in 2009-10 was much in excess of the tolerance limit of 10%. Therefore, the Committee is of the view that the tuition fee hiked by the school by the school in excess of the tolerance limit of 10%, was unjustified and ought to be refunded alongwith interest @ 9% p.a. As such unjustifiably hiked fee in 2009-10 is

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also part of the fee for the subsequent years, the fee of the subsequent years to the extent it relates to the fee of 2009-10 which the Committee has found to be unjustified, ought also be refunded alongwith interest @ 9% p.a.

Development fee

With regard to development fee, the Committee is of the view that the school was not complying with the pre-conditions laid down by the Duggal Committee that the school ought to treat Development fee as a capital receipt and the schools should maintain a depreciation reserve fund equivalent to the depreciation charged in the accounts. Moreover, the development fee could be charged to fund the acquisition of furniture and equipments only. The school stated that it utilized more amount than collected on purchase of fixed assets without specifying which fixed assets had been purchased. Reference to the Schedule of fixed assets shows that in 2009-10, out of the total additions of Rs.10.17 lacs, a sum of Rs.8.24 lacs was spent for acquiring a vehicle. Similarly in 2010-11 out of the total addition of Rs.4.99 lacs, a sum of Rs.3.67 lacs was spent for acquiring a vehicle. Acquisition of vehicles is not a permitted purpose for which development fee can be charged. The preconditions prescribed by the Duggal Committee were affirmed by the Hon'ble Supreme Court in the case of Modern School Vs. Union of India &



Ors. (2004) 5 SCC 583 Hence, in view of the Committee, the school unjustifiably charged development of Rs. 3,84,360 in 2009-10 and Rs.4,96,240 in 2010-11. The same ought to be refunded alongwith interest @ 9% p.a.

Recommended accordingly.

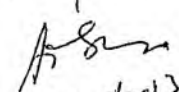


DR. R.K. Sharma
Member



CA J.S. Kochar
Member

Dated : 14/08/2013

I agree

14/08/2013

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Secretary

Prerana Public School, Vikaspuri, New Delhi

The school had not submitted reply to the questionnaire sent by the Committee on 27/02/2012. However, the returns of the school under Rule 180 of the Delhi School Education Rules, 1973 were received from the Office of the Deputy Director, District West-B, of the Directorate of Education. Along with the returns, the school had also submitted a sheet showing payment of arrears to the staff which aggregated Rs.1,29,316. A copy of the circular dt.21.02.2009 addressed to the parents, vide which, tuition fee hike of Rs.200 per month was demanded w.e.f. September, 2008 besides arrears of Rs.3,900 per student. Also enclosed were details of salary paid for the month of June, 2009 which aggregated Rs.1,65,042 and for the month of July, 2009 which aggregated Rs.2,43,926. It was claimed that the 6th Pay Commission had been implemented w.e.f. 01-07-2009. On a prima facie examination of these returns, it appeared that the school had hiked the fee as per order dt.11-02-2009 of the Directorate of Education w.e.f.01.09.2008 and had implemented the 6th Pay Commission w.e.f.01.07.2009. Accordingly, the school was placed in Category 'B'.

A notice dt.20-02-2013 was served to the school to give it opportunity of being heard on 11-03-2013 and to provide justification for the hike.

On the appointed date of hearing, Mrs. Bharti Sharma, Vice-Principal and Mrs. Vandana Chadda, TGT of the school appeared before the



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Committee. They were heard. The records of the school were also examined. During the course of hearing, the school representatives could not produce any accounting, fee or salary records. They were provided with a copy of preliminary calculation sheet prepared by the Office of the Committee and were asked to comment on it. They requested for some time to respond to the calculations. The matter, on their request was adjourned to 25.03.2013.

On 25.03.2013, Mrs. Bharti Sharma, Vice-Principal along with Mrs. Vandana Chadda, TGT of the school, appeared before the Committee and produced the fee and salary records, but, reply to the calculation sheet could not be filed by them. They again sought time to submit the reply to the calculation sheet. At their request, the matter was again adjourned to 22.04.2013.

On 22.04.2013, Mrs. Vandana Chadda, TGT and Ms. Binta Kaushal, TGT of the school appeared before the Committee. They filed a short submission and also produced freshly prepared computer sheets of ledger accounts and cash book, in loose form. On examination of the same, it was observed that no fee account appears in the ledger. In view of these facts, the records of the school do not inspire any confidence nor has the school been able to convince the Committee that the 6th Pay Commission had been implemented by the school. The school had increased the fee @Rs.200 per month across the board for all the classes w.e.f. 01-09-2008. Besides, the school had admittedly recovered the arrears of fee amounting to Rs.1,29,316.



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A handwritten signature in black ink, appearing to be "A. Kaushal".
Secretary

The Committee, therefore, recommends that the school ought to refund the increased monthly fee of all the classes w.e.f. 01.09.2008 along with interest at the rate of 9% per annum from the date of collection of increased fee to the actual date of refund. The school also ought to refund the arrears of Rs.1,29,316 charged from the students.

The Committee also recommends that in view of the serious discrepancies observed in the account keeping by the school, the Director of Education should order a special inspection of the School under Section 24(2) of Delhi School Education Act 1973.

Recommended accordingly.

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Sd/-

Dr. R.K. Sharma
Member

Sd/-

J.S. Kochar
Member

Date : 21.05.2013

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Secretary



Rajdhani Public School, Devli, New Delhi-110062

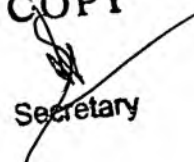
The school had not replied to the questionnaire dated 27/02/2012 issued by the Committee. Subsequently a reminder dated 27/03/2012 was sent which also remained uncomplied with. However, the annual returns of the school under Rule 180 of Delhi School Education Rules, 1973 from 2006-07 to 2010-11 were received by the Committee through the office of the Dy. Director of Education, Distt. South. It appears that the school had not been filing its annual returns by 31st July every year as mandated under the law. The returns for five years were filed together on the directions of the Dy. Director of Education. On prima facie examination of these returns, it appeared that the school might have implemented the VI Pay Commission Report and therefore the school was placed in Category 'B'.

On reviewing the records of the school, the Committee found that the balance sheets of the school did not inspire any confidence as the school was showing huge cash balances every year despite maintaining a bank account, the name of the bank however did not appear in the balance sheets. The cash and bank balances as reflected in the balance sheets for the five years are as follows:



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Year	Cash in hand	Cash at bank
2006-07	1,08,536	2,687
2007-08	2,60,816	2,681
2008-09	2,58,710	2,506
2009-10	1,45,032	2,242
2010-11	1,76,390	9,800

Further the balance sheets of all the five years were purportedly audited but the audit report for any of the years was not filed. In view of these, the Committee felt that the school was short on truth when it submitted a salary statement for the month March 2011 showing payment of salaries as per the VI Pay Commission.

In order to verify the factum of implementation of VI Pay commission, the Committee vide notice dated 13/06/2013, required to the school to produce its fee and salary records, bank statements, cash book and ledger, copies of TDS and provident fund returns and also to submit reply to the questionnaire issued by the Committee. The records were required to be produced on 02/07/2013 for verification by the Committee.



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On 02/07/2013, Sh. B.K. Dubey, authorized representative of the school appeared and filed a letter dated 02/07/2013, stating that the records had been lost in a theft. A copy of the report lodged with the police station Neb Sarai on 06/04/2013 was also filed. A request was made by the school to give one months' time to prepare the records.

The Committee felt that no useful purpose would be served by giving a time of one month as in the absence of the original fee records and salary records for three years, no reconstruction of books of accounts is possible. In case time was granted, that would have given an opportunity to the school to present manipulated records, particularly when the school received fees and paid salary in cash, as hardly any movement was observed in the bank account of the school. Moreover, the balance sheets of the school appeared to be fabricated, only to file the same before the Committee. They were also not filed voluntarily by the school as is required under the law and were filed only at the instance of the Dy. Director of Education. If the school had been paying salaries as per VI Pay Commission, the salaries of the staff would become taxable, necessitating deduction of TDS. The school did not even provide its TDS Account No. (TAN) nor did it file copies of any TDS returns. Even if, the records are lost as claimed by the school, the TDS returns can be retrieved online. It is apparent that no TDS was being deducted by the school. The Committee is, therefore, of the view that the school did not



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implement the VI Pay Commission Report and further filed fabricated balance sheets before the Committee.

In the above premises, the Committee has to determine whether the school hiked the fee in terms of order dated 11/02/2009 and if it did, whether such hike was justified? The Committee examined the fee schedules filed by the school as part of its annual returns. The Committee found that while no information was available whether the school had recovered any arrears of fee from 01/01/2006 to 31/03/2009, the school definitely hiked the tuition fee for all the classes by Rs. 100 per month w.e.f. 01/04/2009. This was the maximum hike permissible to the school as per the aforesaid order dated 11/02/2009 as the existing fee of the school was in the "under Rs. 500" slab.

The Committee is of the view that the school took undue advantage of the order dated 11/02/2009, which allowed the schools to hike the fee in order to implement the VI Pay Commission Report. Since the VI Pay Commission Report was not implemented by the school, there was no *raison d'être* for hike in fee. However, the Committee has taken a view that wherever, the schools have not implemented the VI Pay Commission, they may hike fee every year upto 10% in order to offset the effect of inflation. The Directorate of Education also tolerates a hike to this extent.



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A handwritten signature in black ink over the word "Secretary".

Recommendations:

In view of the above findings, the Committee is of the view that the fee hike of Rs. 100 per month effected by the school w.e.f. 01/04/2009 was unjustified. The same ought to be refunded by the school, after retaining a fee hike of 10%, along with interest @ 9% per annum. Since the hike in fee effected by the school in 2009-10, would also be part of the fee for the subsequent years, there would be a ripple effect. Therefore, the fee hiked in the subsequent years to the extent it relates to the fee of 2009-10 that requires to be refunded, should also be refunded by the school along with interest @ 9% per annum.

Since, in view of the Committee, the balance sheets of the school were fabricated and the story put up by the school of having lost its records does not carry much conviction, the Director of Education ought to order a special inspection of the school particularly to ascertain whether the school also recovered the arrear of fee as per order dated 11/02/2009.

Recommended accordingly,

Sd/-

Sd/-

Sd/-

Dr. R.K. Sharma
Member

CA J.S. Kochar
Member

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 23/07/2013

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Secretary

D.V. Public School, Vijay Vihar, Rohini, New Delhi - 110 085

The school had not submitted its reply to the questionnaire sent by the Committee on 27/02/2012. However, the returns of the school under rule 180 of the Delhi School Education Rules, 1973 were received from the Office of the Education Officer Zone-XIII, District North-West-B of the Directorate of Education. On prima facie examination of the returns, it appeared that the school had hiked the fee in terms of the order dated 11.02.2009 of the Director of Education but had not implemented the recommendation of the 6th Pay Commission. Accordingly, the school was placed in Category 'A'.

In order to verify the returns, the school, vide letter dated 16.07.2012 was directed to produce its fee and salary records and also to submit reply to the questionnaire, on 25.07.2012. On the appointed date, the Committee received a letter from the school requesting for further time. Accordingly, vide letter dated 06.08.2012, the school was directed to produce the records on 23.08.2012. On this date, Sh. Dharam Pal Singh, Manager of the school, appeared and produced the records of the school. Reply to the questionnaire was also furnished. As per the reply, the school conceded that it had not implemented the recommendation of the 6th Pay Commission. At the same time, it claimed not to have increased the fee as per order dated 11.02.2009 issued by the Director of Education. The records produced were examined by Shri A.K. Bhalla, Audit Officer of the



Committee. His observations were that on examination of the fee register, it was found that the school had hiked the tuition fee by Rs.55/- to Rs.85/- per month, which was marginally more than 10% for different classes. The audit officer noticed various discrepancies in the records, such as; the figures of accounting heads appearing in fee register did not appear in the final accounts of the school and vice versa. The scrutiny of the fee register revealed that the annual charges were shown as received from class I students in the year 2008-09, but the fee register did not reflect the annual charges received from classes II to X and in respect of classes I to V, during 2010-11. Above all, the school did not produce fee receipts for verification.

Notice of hearing dated 25/04/2013 was issued to the school and it was directed to appear before the Committee on 14.05.2013 to provide its justification for hiking the fee and to produce its fee and accounting records.

On the appointed date, Mrs. Poonam Singh, Vice Principal of the school and Sh. Shiv Kumar L.D.C., appeared before the committee. They were heard. The records of the school were also examined. It was observed that the fee receipt books produced at the time of hearing were freshly prepared. On being confronted, they admitted that school did not issue fee receipts to the students. Only, Fee cards, however, were maintained which remained with the parents. The entry of fee receipt was made only in the fee cards. The books of accounts were again not produced and no reason was given for that. During the course of hearing, the school representatives reiterated



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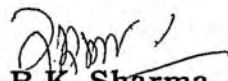

For Secretary

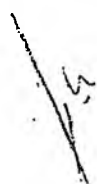
that the recommendations of the 6th Pay Commission had not been implemented. However, it was claimed that the fee had been increased only marginally which was slightly more than 10% during the year 2009-10, for some of the classes. They were confronted with the observations recorded by the Audit Officer which remained un rebutted.

The Committee has perused the returns of the school filed under Rule 180 of the Delhi School Education Rules, 1973, the reply to the questionnaire, the observations of the Audit Officer and the records produced during the course of hearing. The Committee is of the view that on account of non-production of books of accounts, production of fabricated fee receipt books and the discrepancies observed by the Audit Officer, no reliance can be placed on the claim of the school that the fee hiked by it in 2009-10 was nominal.

The Committee recommends that the Director of Education should order a special inspection of the School in order to ascertain the true state of affairs of the school, particularly with regard to fee hike in 2009-10 and subsequent years.

Recommended accordingly.

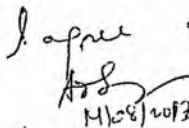

DR. R.K. Sharma
Member


J.S. Kochhar
Member

Dated:14/08/2013

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For 
Secretary


14/08/2013

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Rajiv Gandhi Memorial Public School

Vikas Nagar, Hastal, New Delhi-59

The school had neither replied to the questionnaire of by the Committee, nor had submitted complete returns under Rule 180 of the Delhi School Education Rules, 1973, On prima facie examination of the incomplete record filed by the school, it appeared that the school had hiked the fee in pursuant to the order dt.11.02.2009 of the Directorate of Education without implementing the 6th Pay Commission. Accordingly, it was placed in Category 'A'.

In order to verify the returns of the school, it was directed vide notice dt.03.08.2012, to produce its fee and salary records and also to submit reply to the questionnaire on 21.08.2012.

Shri Lalit Abrol, Manager of the school appeared in the office of the committee on the scheduled date. Reply to questionnaire was also filed, in which it was stated that the school had implemented the 6th Pay Commission w.e.f. September, 2008 and also hiked the fee w.e.f. April, 2009. However, no arrear fee had been collected from the students.

The records produced by the school were examined by Shri N.S. Batra, Audit Officer of the Committee. He observed that the school had submitted two different fee structures for 2009-10, which are extracted below: -



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Classes	Earlier fee structure for 2009-10	Revised fee structure for 2009-10, submitted before the audit officer
I to V	760	715
VI to VIII	820	755
Annual Fee	1400	1500
Admission Fee	200	200

The school representative could not give any justification for two different fee structures for 2009-10 submitted to the Committee. The school had hiked the fee in 2009-10, but the hike was within 10%. However, in 2010-11, the fee had been hiked by 14.60% to 17.80%.

In order to provide an opportunity of hearing to the school, vide notice dated 25/04/2013, it was directed to appear before the Committee on 17.05.2013, along with its fee and accounting records.

On the appointed date of hearing, Shri Lalit Abrol, Manager and Smt. Santosh Abrol, Chairman of the school, appeared before the Committee. They contended that the 6th Pay Commission had been implemented w.e.f. September, 2008. The salary sheet for the month of September 2008, which was paid on October 2008 as per the 6th Pay Commission was filed in evidence. The Committee wondered that how the school could implement recommendations of 6th Pay Commission in September 2008 when the order for its implementation was issued in February, 2009. The school representatives could not give any proper response. Further the salary to the staff as stated by the school is paid in cash and no TDS is being deducted from the salary. The school also did not produce its books of accounts to substantiate its claim of having implemented the 6th Pay Commission.



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The Committee has examined the inchoate returns filed by the school, its reply to the questionnaire, the observations of the audit officer, the documents filed during the course of hearing and the submissions made by the representatives of the school. The Committee is the view that the school has withheld its books of accounts and has fabricated its salary records. In view of this, and also in view of the two fee schedules for 2009-10 filed by the school before the Committee, no reliance can be placed on the claim of the school that it hiked the fee within the tolerance limit of 10% in 2009-10. The Committee recommends that a special inspection ought to be carried out by the Directorate of Education to find out the truth.

Recommended accordingly.

Sd/-

Sd/-

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dr. R.K. Sharma
Member

J.S. Kochar
Member

Dated : 10.07.2013



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Secretary

Jai Bharti Public School, Shivpuri, West Sagarpur, New Delhi-46

The school had not replied to the questionnaire sent by the Committee on 27.02.2012. On prima facie examination of the returns filed under Rule 180 of the Delhi School Education Rules, 1973, it appeared that the school had hiked the fee in accordance with the order dt.11.02.2009 of the Directorate of Education without implementing the 6th Pay Commission. Accordingly, it was placed in Category 'A'.

In order to verify the returns of the school, it was directed vide notice dt.16.07.2012, to produce its fee and salary records and also to submit reply to the questionnaire on 27.07.2012. Mrs. Rama Malik, Manager of the school appeared without complete records / documents on the scheduled date. At her request, the examination of records was rescheduled for 03.08.2012.

On 03.08.2012, the manager of the school appeared and filed reply to questionnaire, in which it was stated that neither the 6th Pay Commission had been implemented nor fee had been hiked by the school. The records produced by the school were examined by Shri A.D. Bhateja, Audit Officer of the Committee.

The Audit Officer observed that the school had not maintained the records properly. The students had been issued fee cards and no fee receipt was being issued to them. The school had hiked the fee during 2009-10 by 10% to 12% in different classes. Salary to the staff was being paid in cash, in spite of the school, having bank account.



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Secretary

He further observed that the salary to the staff had not been paid as per rules of the department and the school had not implemented the 6th Pay Commission. The school could not produce cash book and ledger for verification.

In order to provide an opportunity of hearing to the school, vide notice dated 25/04/2013, the school was directed to appear before the Committee on 17.05.2013, along with its fee and accounting records. On the appointed date of hearing, no one appeared before the Committee. A letter dt.10-05-2013 was received from the school stating that the school had not hiked fee since 2008-09. The Office of the Committee telephonically contacted Mrs. Ram Rati, Manager of the school, who informed that she did not wish to appear before the Committee. It appears that the school is avoiding production of its books of accounts before the Committee to hide the true state of affairs.

In view of the foregoing facts, the Committee is of the view that the Director of Education ought to conduct special inspection under section 24(2) of the Delhi School Education Act, 1973, to verify the true state of affairs of the school. Recommended accordingly.

Sd/-

**Justice Anil Dev Singh (Retd.)
Chairperson**

Sd/-

**Dr. R.K. Sharma
Member**

Sd/-

**J.S. Kochar
Member**

Dated: 10.07.2013



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Secretary

Sardar Patel Public Sr. Sec. School, Karawal Nagar, Delhi-110094

At the very outset, it needs to be stated that the Committee is of the view that this is a fit case where the Director of Education should order a special inspection of the school to ascertain the true state of its financial affairs as the school has been continuously shifting its position, as would be apparent from the following narration.

In response to the questionnaire dated 27/02/2012 issued by the Committee, the school vide its letter dated 05/03/2012 stated that it had implemented the VI Pay Commission w.e.f. 01/04/2009. However the matter of payment of arrears of VI Pay Commission was under its consideration. With regard to the increase in fee, the school stated that it had not increased any fee for the purpose of implementation of VI Pay Commission Report but had increased the fee in normal course by 10%.

The school was asked to produce its books of accounts, salary records and fee records to substantiate its reply to the questionnaire. On 12/04/2012, the Principal of the school Sh. M.Z. Khan and the Manager Sh. M.L. Bhatti appeared but they did not produce all the records which were required to be produced. Particularly the fee receipt books for the year 2009-10 were not produced. The school maintained that the same were not available. On the basis of fee structure submitted by the school as part of its returns under Rule 180 of Delhi School Education Rules 1973, the fee hike by the school

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for classes I to V was found to be to the tune of 33.3%, which was even more than the maximum fee hike permitted vide order dated 11/02/2009 of the Director of Education. The fee hike for classes VI to VIII was to the tune of 23.07%, for classes IX to X, it was 12.5% and for classes XI & XII, it was between 15.38% to 18.18%. Thus for none of the classes, the fee hike was within 10% as claimed by the school.

On examination of books of accounts, it was found that the Income and Expenditure Account, Balance Sheet and Receipt and Payment Account were not in agreement with the books of accounts. For example the tuition fee as recorded in the ledger was Rs. 1,89,35,496 while that shown in the Income & Expenditure account was Rs. 1,87,42,996. Similarly annual charges as recorded in the ledger were Rs. 16,75,300 while those shown in the Income & Expenditure were Rs. 12,54,900. Transportation fee recorded in the ledger was Rs. 14,58,150 while that shown in the Income & Expenditure Accounts was Rs. 14,24,100.

As the school had been found to have increased the tuition fee in pursuance of order dated 11/02/2009 of the Director of Education, and also claimed to have implemented the VI Pay Commission, the funds available with the school as on 31/03/2009 were computed by the CAs detailed with the Committee and as per their computation, the school had funds to the tune of Rs. 37,52,227 already available with it while the additional burden on account of implementation of VI

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Pay Commission for the year 2009-10 was Rs. 25,47,204. The additional revenue accruing to the school on account of increased fee in 2009-10 was Rs. 31,52,400.

In response to the notice of the Committee for hearing, the school, during the course of hearing on 08/02/2013, admitted the calculations as correct. The Principal and Manager of the school also acknowledged on the calculation sheet that they agreed with the calculations. However subsequently, the school submitted a letter dated 14/03/2013 to the Committee that their signatures were obtained on a printed proforma and they were horrified to see the figures inserted in the proforma.

This is absolutely preposterous. The school has always been resiling from its position and trying to wriggle out of its admissions. As noted above, the school did not produce the fee receipts for 2009-10 and its figures appearing in the books of accounts and in the Balance Sheet and in Income & Expenditure Account do not match. The Committee is at a loss to understand how the balance sheets have been audited.

In view of what is stated above, the Committee is of the view that no reliance can be placed on the records produced by the school or on the audited balance sheet or fee and salary records. It would therefore be in the fitness of the things that the school is subjected to special inspection by the Director of

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Education to ascertain its true state of financial affairs.

Recommended accordingly.

Sd/-

Dr. R.K. Sharma
Member

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 09/05/2013

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Secretary

**JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee**

Guru Nanak Public School, Moti Nagar, New Delhi-110015

The school had not submitted its reply to the questionnaire sent by the Committee on 27/02/2012. However, the returns of the school under Rule 180 of the Delhi School Education Rules, 1973 were received from the Office of Deputy Director of Education, District West-A, Directorate of Education. On prima facie examination of the returns, it appeared that the school had neither hiked the fee in terms of the order dated 11.02.2009 of the Director of Education nor had implemented the recommendation of the 6th Pay Commission. Accordingly, the school was placed in Category 'C'.

In order to verify the returns, the school, vide letter of the Committee dated 11.10.2012 was directed to produce its fee and salary records and also to submit reply to the questionnaire on 19.10.2012.

On the scheduled date, Sh. Gurvinder Singh, Manager of the school, appeared and produced the records of the school. Reply to the questionnaire was also filed, as per which the school had neither implemented the recommendation of the 6th Pay Commission nor had increased the fee. The records produced were examined by Shri A.K. Bhalla, Audit Officer of the Committee. His observations were that the

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school had admittedly not implemented the recommendation of the 6th Pay Commission. However, the details of salary could not be verified as the manager did not produce salary records. The school had been charging admission fee, along-with other types of fees, but details of it could not be verified. The Manager stated that separate receipt books were maintained for admission fee but the details of the same were not reflected in fee Collection register. Receipt books of admission fee were not produced by the school for verification. The school had hiked fee in 2009-10 by 11.11 %. The school manager was advised to produce the remaining records for verification on 26-10-2012.

On 26.10.2012, Mrs. Sushma Malhotra, school teacher, produced fee receipt books only for a month of April 2009, which were examined by the Audit Officer. He observed that the school was collecting development fee @ Rs.400/- per annum. As regards the books of accounts, Mrs. Malhotra stated that the school did not maintain any cash books and ledger.

Notice of hearing dated 25/04/2013 was served on the school with the directions to appear before the Committee on 23.05.2013, to provide an opportunity to present its case. On 15.05.2013 the office of the committee received a letter from the manager of the school with a request to postpone the date of hearing. The hearing was accordingly adjourned to 31-05-2013.


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On the appointed date, Sh. Gurvinder Singh, Manager of the school, appeared before the committee. He stated that the school did not maintain any cash book or ledger. The balance sheet are also not got audited. Further, it was contended that the teachers were paid salary on consolidate basis and 6th Pay Commission had not been implemented. It was further stated that the school had not hiked fee in accordance with the order dated 11.02.2009, of the Director of Education.

The Committee has examined the returns of the school, reply to the questionnaire, observations of the Audit Officer and the submission made by the school during the course of hearing. The Committee is of the view that as the school is not maintaining any books of accounts and the balance sheet are not audited, no reliance can be placed on the records of the school. No evidence has been given by the school in support of its submission that it did not hike any fee in 2009-10. Therefore, the Director of Education should direct a special inspection under Section 24(2) of Delhi School Education Act 1973, particularly for ascertaining the extent of fee hiked by the school.

Recommended accordingly.



DR. R.K. Sharma
Member

Dated : 29-7-2013


J.S. Kochar
Member

*I agree with
the recommendation
AS
29/07/2013*

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Secretary

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

Green Venus Public School, Joharipur Extn., Delhi – 110 094

The school had not replied to the questionnaire sent by the Committee on 27.02.2012. However, the returns of the school under rule 180 of the Delhi School Education Rules, 1973 were received from the Office of the Deputy Director of Education, District North East. On preliminary examination of the records, it appeared that the school had not hiked the fee in terms of the order dt.11-02-2009 issued by the Director of Education. Accordingly, it was placed in Category 'C'.

In order to verify the returns of the school, it was directed vide notice dt.05.06.2012, to produce its fee and salary records and also to submit reply to the questionnaire on 28.06.2012. Nobody appeared on the scheduled date. The school was again directed to produce the records on 10.07.2012. Nobody appeared on this date also. On 16.07.2012, Shri R.K. Kain, Chairman of the Society attended the Office of the Committee and requested for another date to produce the records. The school was given a last opportunity to produce the records on 01.08.2012.

On 01.08.2012, Shri R.K. Kain, Chairman of the Society, appeared and produced the records. Reply to questionnaire was also filed. As per the reply to the questionnaire, the school had neither implemented the report of 6th Pay Commission, nor increased the fee



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in accordance with the order dt.11.02.2009 of the Director of Education.

The records produced by the school were examined by Mrs. Sunita Nautiyal, Audit Officer of the Committee. Her observations were that the school did not produce the fee receipts for 2008-09 and 2009-10. The photocopies of fee receipts for March 2011 were produced by the school. It was noticed that the school had recorded less amount of fees in fee register as compared to fee structures of 2008-09 and 2009-10. However, in 2010-11, the fee register had shown more tuition fee, than that shown in the fee structure submitted by the school along with returns under Rule 180 of the Delhi Education Rules, 1973. As per fee structures, there was no increase in fee in 2009-10 and 2010-11, but the fee registers had shown an increase in tuition fee by Rs.25 to Rs.45 per month for classes V to VIII.

The Audit Officer also noticed that the cash book of the school for 2008-09 did not show any opening / closing balance. The salary to the staff had been paid in cash. She finally recorded that the financials of the school did not inspire any confidence.

In order to provide an opportunity of hearing to the school, vide notice dated 25.04.2013, the school was directed to appear before the Committee on 23.05.2013, along with its fee and accounting records.

On the appointed date of hearing, nobody appeared. However, a letter dt.17.05.2013 under signature of Shri R.K. Kain, had been received from the school, expressing inability to appear. The school,

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JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

along with the letter, had also submitted fee and salary statements. On examination of the salary statement, the Committee noticed that about 33% of the salary of the employees had been deducted without mentioning details of the deductions. The bank statement, submitted by the school, hardly showed any transaction.

In view of the foregoing facts, the Committee is of the view that the school had willfully evaded hearing before the committee. The financials of the school do not inspire any confidence. Therefore, it is a fit case for special inspection, under section 24(2) of the Delhi School Education Act, 1973, to be ordered by the Director of Education to verify the true state of affairs of the school particularly with regard to the fee charged by the school in 2008-09, 2009-10 and 2010-11.


Recommended accordingly.


DR. R.K. Sharma
Member


J.S. Kochar
Member

Dated: 15.07.2013




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Secretary

Jafar
As
15/07/2013

Friends Public School, Bhagirathi Vihar, Delhi - 110 094

The school had not replied to the questionnaire sent by the Committee on 27.02.2012. However, the returns of the school under Rule 180 of the Delhi School Education Rules, 1973 were received from the Office of the Deputy Director of Education, District North East. On preliminary examination of the records, it appeared that the school had not hiked the fee pursuant to the order dated.11.02.2009 of the Director of Education. Accordingly, it was placed in Category 'C'.

In order to verify the returns of the school, it was directed vide notice dt.18.07.2012, to produce its fee and salary records and also to submit reply to the questionnaire on 01.08.2012. Nobody appeared on the scheduled date.

The school was again directed, vide notice dt.30.08.2012 to appear for the verification of the records on 13.09.2012. On this date, Shri Hukum Singh, Chairman of the School attended the Office of the Committee and produced the records. Reply to questionnaire was also filed. As per the reply to the questionnaire, the school had neither implemented the report of 6th Pay Commission nor increased the fee in accordance with the order dt.11.02.2009 of the Director of Education.

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JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

The records produced by the school were examined by Shri A.K. Bhalla, Audit Officer of the Committee. His observations were that the school had hiked the fee in 2009-10 within 10% and further hike in fee was in 2010-11 by 10.99%. The school did not have any bank account and all transactions were made in cash. The school had filed two different fee structures for the year 2010-11. The Audit Officer also observed that on examination of salary records, the same appeared to have been tailor made. The actual payment of salaries to the staff could not be ascertained.

In order to provide an opportunity of hearing to the school, vide notice dated 25.04.2013, the school was directed to appear before the Committee on 23.05.2013, along with its fee and accounting records.

On the appointed date of hearing, nobody attended the hearing. The service of notice dt.25-04-2013 was verified from the online speed post tracking system and it was reported to have been delivered on 27-04-2013. On examination of the returns filed by the school, under rule 180 of the Delhi School Education Rules, 1973 and on perusal of the observations of the Audit Officer of the Committee, it was apparent that the Balance Sheet and Income-Expenditure accounts of the school were fabricated. The Committee observed that Balance Sheet for 2006-07 and 2007-08 purportedly compiled by M/s. R.K. Jain & Co., Chartered Accountants were mirror image of each other. The balance sheet of 2008-09 had been purportedly compiled by Shri Amit




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Gaur, C.A., but the name of the school that were dealt by him did not find a mention in the list of the schools submitted by Shri Amit Gaur, C.A. It appears that to cover-up all the irregularities, the school has chosen, not to appear before the Committee for the hearing.

In view of the foregoing facts, the Committee is of the view that it is a fit case for special inspection under section 24(2) of the Delhi School Education Act, 1973, to be ordered by the Director of Education, to verify the true state of affairs of the school and particularly to verify the scale of fee charged by the school in 2008-09, 2009-10 and 2010-11.


Recommended accordingly.

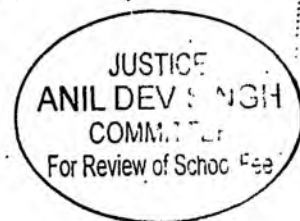

DR. R.K. Sharma
Member


J.S. Kochar
Member

Dated: 15.07.2013

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New Krishna Public School,, Kararawal Nagar. Delhi-110094

The school had not submitted its reply to the questionnaire sent by the Committee by email on 27/02/2012. However, the returns of the school under Rule 180 of the Delhi School Education Rules, 1973 were received from the Office of District North-East of the Directorate of Education. On prima facie examination of the returns, it appeared that the school had neither hiked the fee in terms of the order dated 11.02.2009 of the Directorate of Education nor had implemented the recommendation of the 6th Pay Commission. Accordingly, the school was placed in Category 'C'.

In order to verify the returns, the school, vide letter dated 19.06.2012 of the Committee was directed to produce its fee and salary records and also to submit reply to the questionnaire, on 23.07.2012. The office of the committee received a letter from the school on 23.07.2012, requesting for extension of date to produce the required records. Accordingly, the school was directed to produce the records on 01.08.2012. On the scheduled date, Sh. Brahm Prakash, Manager of the school, appeared and produced the records of the school. Reply to the questionnaire was also filed, as per which the school had neither implemented the recommendation of the 6th Pay

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Commission nor had increased the fee. The records produced were examined by Shri A.D. Bhateja, Audit Officer of the Committee. His observations were that the school had not implemented the recommendation of the 6th Pay Commission. The school had hiked the fee within 10 % limit in 2009-10 and 2010-11. The Audit Officer noticed various discrepancies in the records, such as; the fee register not being maintained properly - only receipt number had been recorded against each entry without mentioning the fee amount. Furthermore, the cash book for the entire year 2010-11 comprised of just a single page. The fee was being collected in cash and salary to the staff was also being paid in cash.

In order to provide an opportunity of hearing to the school, notice dated 25/04/2013 was served on the school with the directions to appear before the Committee on 31.05.2013.

On the appointed date of hearing, Sh. Brahm Prakash, Manager and Sh. Sandeep Jain, Accountant of the school, appeared before the Committee. They were heard. They confirmed the observations dated 01.08 2012, of the audit officer of the committee. The representatives admitted that the school did not maintain bank account. They were questioned about the authenticity of the audit report signed by Shri Amit Gaur, C.A., as the name of the school did not find a mention in the list of schools, submitted by Shri Amit Gaur, C.A., on 06.07.2012

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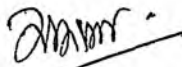
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to the Committee. The manager of the school conceded that the audit report had been signed by an assistant of Shri Amit Gaur, C.A.


In view of the admission made by the Manger of having filed a fabricated audit report / balance sheet, the Committee is of the view that no reliance can be placed on the records or balance sheets of the school. For the same reason, the contention of the school of having hiked the fee within 10% in 2009-10 records a closer scrutiny. Therefore, the Director of Education should order a special inspection of the School, under Section 24(2) of Delhi School Education Act 1973, in order to ascertain the actual hike in the fee effected by the school in 2009-10.

Recommended accordingly.



DR. R.K. Sharma
Member

Dated: 29-07-2013



J.S. Kochar
Member

I agree with the
recommendations
As per
29/07/2013

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Secretary

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

Babarpur Model Public School, Kabir Nagar, Shahdara, Delhi - 94

The returns of the school under rule 180 of the Delhi School Education Rules, 1973 were received from the Office of the Deputy Director District North-East of the Directorate of Education. The school had not submitted its reply to the questionnaire sent by the Committee on 27/02/2012. On prima facie examination of the returns, it appeared that the school had neither hiked the fee in terms of the order dated 11.02.2009 of the Director of Education, nor had implemented the recommendation of the 6th Pay Commission. Accordingly, the school was placed in Category 'C'.

In order to verify the returns, the school, vide letter of the Committee dated 19.06.2012, was directed to produce its fee and salary records and also to submit reply to the questionnaire on 24.07.2012. On the scheduled date, Sh. B.P. Sharma, Manager of the school, appeared and produced some of the records. The records produced were examined by Shri A.K. Bhalla, Audit Officer of the Committee. His observations were that the salary to the staff was paid in cash on consolidated basis. In the absence of complete records, the examination remained inconclusive. The Manager of the



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school was directed to appear before the Audit Officer on 16.08.2012 to produce cash book, ledger, fee receipt books and to file reply to the questionnaire. Sh. B.P. Sharma, Manager, again appeared before the Audit Officer. Again, the fee receipts, ledger and cash book were not produced. It was observed that the final accounts of the school were not signed / audited by the Chartered Accountant. Reply to the questionnaire was submitted, as per which, the school had neither hiked the fee, in terms of the order dated 11.02.2009 of the Director of Education, nor had implemented the recommendation of the 6th Pay Commission. The Audit Officer also recorded that the fee register, appeared to have been prepared, after filing the annual accounts.

In order to provide an opportunity of hearing to the school, vide notice dated 25.04.2013, the school was directed to appear before the Committee on 31.05.2013, along with its fee and accounting records.

On the appointed date of hearing, Sh. B.P. Sharma, Manager of the school, appeared before the committee. He was heard. He confirmed the observations dated 01.08 2012 made by the Audit Officer of the committee. He admitted that the school had started issuing fee receipts only now. He further stated that no admission fee is charged from the students and the admission fee, shown as Rs.525/- per annum had never been charged from the students.





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The Committee examined the fee register and it was obvious to the naked eye that the register had been freshly prepared. Further, in view of the fact that the school did not provide cash book and ledger for 2008-09 and 2009-10 and the fact that the balance sheets were not signed by the auditors, the Committee is of the view that no reliance can be placed on the records of the school. The Director of Education should order a special inspection of the School, under Section 24(2) of Delhi School Education Act 1973, to ascertain the true state of affairs of the school, particularly with regard to the fee hiked in the year 2009-10.

Recommended accordingly.


DR. R.K. Sharma
Member


J.S. Kochhar
Member

Dated: 29-07-2013



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I agree with the
recommendations
AS
29/07/2013

New Modern Public School, East Gorakh Park,

Shahdara, Delhi - 110 032

The school had not replied to the questionnaire sent by the Committee on 27.02.2012. However, the returns of the school under Rule 180 of the Delhi School Education Rules, 1973 were received from the Office of the Dy. Director of Education, District North-East of the Directorate of Education. On preliminary examination of the records, it appeared that the school had neither hiked the fee in accordance with the order dt.11.02.2009 of the Director of Education nor had implemented the recommendations of the 6th Pay Commission. Accordingly, it was placed in Category 'C'.

In order to verify the returns of the school, it was directed vide notice dated.03.07.2012, to produce its fee and salary records and also to submit reply to the questionnaire on 11.07.2012. In response to the notice, the office of the committee received a request letter dated 09.07.2012 from the Manager of the school to grant some more time to present the school records. Accordingly, the school was directed to appear on 30.07.2012 with all the relevant record. On 30.07.2012, committee received another letter from the Manager of the school, requesting for more time, to provide the records of the

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school. The school was granted one more opportunity to do so on 16.08.2012.

On the scheduled date Sh. Kapil Upadhyay Accountant, authorized representative of the school, appeared and produced the records. Reply to questionnaire was also filed. The records produced by the school were examined by Sh. A.D. Bhateja, Audit Officer of the Committee. He observed that the school had hiked the tuition fee by 10% in 2009-10 and 2010-11. The school had not implemented the recommendations of 6th. Pay Commission. However, he also discovered that there was a discrepancy in the figures of Fee. The fee as reflected in the fee register was Rs.31,07,520.00 while that accounted for in the ledger was Rs.27,26,520.00.

In order to provide an opportunity of hearing to the school, vide notice dated 26.04.2013, it was directed to appear before the Committee on 14.05.2013 along with its fee and accounting records.

On the appointed date of hearing, Mrs. Suman Ahuja, Principal of the school appeared before the Committee. She was heard. The records of the school were also examined.

During the course of hearing, the Principal of the school contended that the recommendations of the 6th Pay Commission had not been implemented. It was also contended that in 2009-10 and

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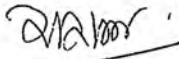
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2010-11, the school had hiked tuition fee nominally. However, the school did not produce books of accounts for verification by the Committee nor attempt was made to explain the discrepancy of around Rs.4 lacs between the fee collection shown in the fee register and that accounted for in the ledger. The Committee also observed that the financials of the school had been purportedly signed by Shri S.C. Sharma, Chartered Accountant, who had given a statement before the Committee that he had issued back-dated audit reports at the insistence of the school. When confronted with the statement, the Principal conceded this fact.

In view of the foregoing facts, the Committee is of the view that no reliance can be placed on the records of the school as well as its claim that it hiked the fee only to the tune of 10% in 2009-10 particularly when the discrepancy of around Rs.4 lacks in the fee remain unexplained. Therefore, the Director of Education ought to order a special inspection of the school particularly to ascertain the fee hike effected by it in 2009-10.


Recommended accordingly.


DR. R.K. Sharma
Member


J.S. Kochar
Member

Dated: 01/08/2013

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Kalawati Vidhya Bharti Public School,

New Patel Nagar, New Delhi-110008

The school had not submitted its reply to the questionnaire sent by the Committee by email on 27/02/2012. However, the returns of the school under Rule 180 of the Delhi School Education Rules, 1973 were received from the Office of the Deputy Director of Education, District West-A of the Directorate of Education. On prima facie examination of the returns, it appeared that the school had neither hiked the fee in terms of the order dated 11.02.2009 of the Director of Education, nor had implemented the recommendation of the 6th Pay Commission. Accordingly, the school was placed in Category 'C'.

In order to verify the returns, the school, vide letters dt.16.07.2012 and dt.23-07-2012, was directed to produce its fee and salary records and also to submit reply to the questionnaire on 09.08.2012.

On 09.08.2012, Sh. Rohit Singh Chauhan, Manager of the school, appeared and produced the records of the school. Reply to the questionnaire was also filed. As per the reply, the school claimed that it had neither implemented the recommendations of the 6th Pay Commission nor increased the fee in accordance with the order dated 11.02.2009 of the Director of Education.

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The records produced were examined by Shri A.D. Bhateja, Audit Officer of the Committee. His observations were that the school had collected Rs.1000/- per annum as building fund from newly admitted students which have not been shown in the fee schedule. The school had hiked the fee by nearly 18% in 2009-10 for some classes and by 11% to 15% in 2010-11. The school had not submitted Income and Expenditure statements. Therefore, the same could not be verified. The salary to the staff had been paid in cash and on the basis of pre-revised scale without paying Dearness Pay and Travelling Allowance.

Again, on 05-10-2012, Shri Rohit Singh Chauhan, Manager of the school attended the Office of the Committee for the verification of records which were not produced on earlier dates.

The records were examined by Shri A.D. Bhateja, Audit Officer of the Committee, who recorded that the school failed again to produce the desired financial records of the year 2009-10.

Notice, dated 23/05/2013 was served to the school with the directions to appear before the Committee on 04.06.2013 and to present the records of the school.

On 04.06.2013, Shri Rohit Singh Chauhan, Manager and Sh. Savan Kumar Sharma, Accountant appeared before the Committee.

The representatives of the school were heard. During the course of hearing, it was observed that the school had shown, fee collection at around Rs.22 lacs in 2008-09 in its Income and Expenditure account of 2009-10, while fee revenue, by taking the number of the students

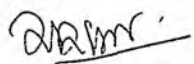
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Secretary



and the fee structure, ought to be around Rs.10 lacs. During 2009-10, the fee collection shown as per Income and Expenditure is around Rs.13 lacs and it had been shown that the school had received aid from the society amounting to Rs.13 lacs. The salary for all the three years had been shown to be around Rs.22 lacs. On being confronted, the manager of the school conceded that the salaries shown in the Income and Expenditure account were not actuals but were inflated just to balance the accounts. Either fee had been shown at inflated figures or it was shown that the school had received aid from the society. The accounts of the school were not audited and the CAs had given only a Compilation Report.

On the basis of the examination of the returns of the school, its reply to the questionnaire, the observations made by the Audit Officer and the submission made during the course of hearing, the Committee is of the view that having regard to the serious discrepancies admitted by the school in its records, the Director of Education should order a special inspection of the School under Section 24(2) of Delhi School Education Act 1973 in order to ascertain the true state of the affairs, particularly with regard to fee hike effected in 2009-10 and 2010-11.

Recommended accordingly.

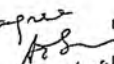

DR. R.K. Sharma
Member

Dated : 01/08/2013

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Secretary


J.S. Kochar
Member

I agree

01/08/2013

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Jhoney Public School, Prem Nagar-II, Nangloi, Delhi – 110 041

The school had not replied to the questionnaire sent by the Committee by email on 27.02.2012. However, the returns of the school under rule 180 of the Delhi School Education Rules, 1973 were received from the Office of the Deputy Director, District West-B of the Directorate of Education. On prima facie examination of the records, it appeared that the school had not hiked the fee, in terms of the order dated 11.02.2009 of the Director of Education. Accordingly, it was placed in Category 'C'.

In order to verify the returns of the school, it was directed vide notice dated.13.07.2012, to produce its fee, salary and accounting records and also to submit reply to the questionnaire on 23.07.2012.

The Committee received a letter dated 23-07-2012 from the Principal of the school for extension of date on account of absence of the Manager. The school was accordingly directed to produce the records on 01-08-2012.

On the scheduled date, Ms. Anju, Assistant Teacher of the school appeared before the Committee and produced its records. Reply to questionnaire was also filed. As per the reply, the school



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claimed to have implemented the recommendations of the 6th Pay Commission w.e.f. March, 2010. It also claimed not to have increased the fee in terms of the order dated 11.02.2009 of the Director of Education.

The records, produced by the school were examined by Ms. Sunita Nautiyal, Audit Officer of the Committee. She observed that the school had not increased the tuition fee and annual charges in 2009-10 and 2010-11. The school had also not charged development fee from the students. However, she also observed that the tuition fee receivable from the students as per the enrolment as on 30.04.2010 should have been Rs.21,51,480 whereas in the Income and Expenditure Account for the period 2010-11, the tuition fee received had been shown as Rs.29,48,400.

The case was placed before the Committee on 08-10-2012. The Committee directed the school to explain the discrepancies noticed by the Audit Officer and the Audit Officer to re-examine the case after receipt of the explanation from the school.

The school was accordingly directed to produce the relevant records on 18.10.2012. The office of the Committee received a letter dated 18.10.2012 from the Principal of the school stating that the Manager of the school had been hospitalized, and therefore, the date for verification of records be extended. The school was accordingly



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For Secretary

directed to produce its records on 25.10.2012. However, nobody appeared on that date nor any communication was received from the school.

In order to provide one final opportunity of hearing to the school, it was directed to appear before the Committee on 07.06.2013, vide notice dated 24.05.2013, along with its fee, salary and accounting records.

On the scheduled date of hearing, no one appeared nor any communication was received from the school. The service of notice of hearing was confirmed from India Post 'Article Tracking System' which showed that the notice had been delivered to the school on 29-05-2013.

The Committee is of the opinion that the school is deliberately avoiding appearing before the Committee and producing its fee, salary and accounting records after the Audit Officer found the discrepancy in the apparent fee charged as per its fee receipts and the actual fee charged which got reflected in its books of accounts and in the Income & Expenditure A/c. Even the claim of the school that it implemented the 6th Pay Commission report w.e.f. March 2010 lacks credibility on account of the fact that the school did not even have a bank account and

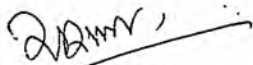



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For
Secretary

the only asset the school had as on 31.03.2010, as evidenced by its Balance Sheet was "Cash in hand of Rs. 2,019".

The Committee is, therefore of the view, that neither the claim of the school that it did not hike any fee nor that it had implemented the recommendations of 6th Pay Commission can be accepted. This is a fit case where the Director should conduct a special inspection of the school to ferret out the truth.

Recommended accordingly.


DR. R.K. Sharma
Member


CA J.S. Kochhar
Member

Dated: 14/08/2013

I agree
As per
14/08/2013



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For 

Sunita Gyan Niketan Public School,
New Roshanpura, Najafgarh, New Delhi

The school had not submitted its reply to the questionnaire sent by the Committee by email on 27/02/2012. However, the returns of the school under rule 180 of the Delhi School Education Rules, 1973 were received from the Office of Dy. Director, District South-West-B, of the Directorate of Education. On prima facie examination of the returns, it appeared that the school had neither hiked the fee in terms of the order dated 11.02.2009 of the Directorate of Education nor had implemented the recommendation of the 6th Pay Commission. Accordingly, the school was placed in Category 'C'.

In order to verify the returns, the school, vide letter of the Committee dated 13.07.2012 was directed to produce its fee and salary records and also to submit reply to the questionnaire on 24.07.2012.

On the scheduled date, the Manager of the school submitted a letter, requesting for extension of time by 20-25 days to produce the required records. Accordingly, the school was directed to produce the records on 14.08.2012 for verification.

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On the scheduled date, Sh. S.K. Gaur, Manager of the school, appeared and produced the records of the school. Reply to the questionnaire was also filed, as per which it was claimed that the school had neither implemented the recommendation of the 6th Pay Commission nor had increased the fee. The records, produced were examined by Shri A.D. Bhateja, Audit Officer of the Committee. His observations were that, the school had not implemented the recommendation of the 6th Pay Commission. The school had also not hiked the fee in accordance with the order dated 11.02.2009 of the Director of Education. The hike in fee was within the tolerance limits of 10%. The audit officer observed further, that the school did not produce its cash book and ledgers for any of the years. The school was collecting fee in cash and salaries to the staff were also paid in cash.

In order to provide an opportunity to present its case, notice of hearing dated 27/05/2013, was issued to the school with the directions to appear before the Committee on 17.06.2013. On the date of hearing Sh. S.K. Gaur, Manager of the school appeared before the committee. He contended that the school had neither implemented the 6th.Pay Commission nor had hiked fee in accordance with the order dated 11.02.2009 of the Director of Education. He contended that the school did not maintain any cash book or ledger. It was submitted that the fee receipts and salary records are handed over to the Chartered Accountants, who compiles the financials from them. On

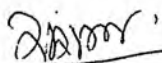
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perusal of the financials, it was observed that the C.As., had given only 'Compilation Report', and no Audit Report had been issued.

The Committee has considered the returns of the school, reply to the questionnaire, observations of the Audit Officer and the submission made during the course of hearing. As the school had admitted that it maintain no books of accounts and its balance sheets are not audited, the Committee is the view that no reliance can be placed on the claim of the school that it did not hike any fee in pursuance to the order dt.11-02-2009 issued by the Director of Education. Therefore, the Director of Education should order a special inspection of the School, under Section 24(2) of Delhi School Education Act 1973, to ascertain the true state of affairs particularly with regard to fee hike in 2009-10 and 2010-11.

Recommended accordingly.

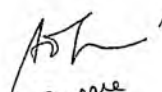


DR. R.K. Sharma
Member



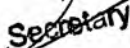
J.S. Kochar
Member

Dated: 01/08/2013



9/8/2013

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Shri Tula Ram Public School, Rohini Sector-2, New Delhi

The school had not replied to the questionnaire sent by the Committee to it on 27/02/2012. However, the returns of the school under rule 180 of the Delhi Education Rules, 1973 were received in the office of the committee through, Education Officer, Zone-XIII (District North West-B).

On prima facie examination of the returns filed under Rule 180 of the Delhi School Education Rules, 1973, it appeared that the school had hiked the fee in pursuant to the order dated 11.02.2009 of the Directorate of Education without implementing the 6th Pay Commission. Accordingly, it was placed in Category 'A'.

In order to verify the returns of the school, it was directed vide notice dt.22.08.2012, to produce its fee and salary records and also to submit reply to the questionnaire on 07.09.2012.

Dr. Shahank, Manager of the school appeared on 07.09.2012 and submitted reply to the questionnaire. The school, through its reply to the questionnaire submitted that the 6th Pay Commission had been implemented w.e.f. July 2009; but fee had not been increased.

Shri A.K. Bhalla, Audit Officer of the Committee examined the records of the school. He had observed that the receipts and payments statement for three years of the school had not been presented for verification. The school had been adjusting its surplus /



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deficit of income, in the accounts of the society. The school was not maintaining the capital accounts. He observed further, that the school had increased fee during 2009-10 by 7.59% to 11.11% and there was no fee hike during 2010-11, except for class VIII, where-in the hike was Rs.50 per month (3.53%) only. The Audit Officer also recorded that the school had not implemented the 6th Pay Commission fully. Increase in salary from July, 2009 was marginal, without making payment on account of HRA, Transport Allowance.

In order to provide an opportunity of hearing to the school, vide notice dated 25/04/2013, the school was directed to appear before the Committee on 17.05.2013, along with its fee and accounting records.

On the appointed date of hearing, Dr. Shashank, Manager of the school appeared before the Committee. He contended that the school had implemented 6th Pay Commission w.e.f. 01-07-2009, but the fee hike was just around 10% in 2009-10 and further there was a nominal hike in in 2010-11. It was also contended by school representative that the school did not charge any development fee.

On examination of the records, the Committee found that the claim of the school having implemented the 6^h Pay Commission was a farce as -

- (i). The total expenditure on salary for the year 2008-09 was Rs.18,94,365 when the 6th Pay Commission was not in force. The same went down to Rs.16,75,786 in 2009-10 when it was purportedly implemented.



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(ii). No TDS was being deducted by the school even after implementation of 6th Pay Commission where salaries of almost all the teaching staff became tenable.

(iii). Salary was paid in cash even after purported implementation of 6th pay Commission.

However, in view of the fact that the fee hiked by the school in 2009-10 was around 10%, the Committee is of the view that no intervention is required in so far as fee is concerned.

Recommended accordingly.

Sd/-

**Justice Anil Dev Singh (Retd.)
Chairperson**

Sd/-

**Dr. R.K. Sharma
Member**

Sd/-

**J.S. Kochar
Member**

Dated: 10.07.2013



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Moon Light Public School, Uttam Nagar, New Delhi - 110 055

The school had not replied to the questionnaire sent by the Committee by email on 27.02.2012. However, the returns of the school under rule 180 of the Delhi School Education Rules, 1973 were received from the Office of the Deputy Director of Education District West-B, Directorate of Education. On preliminary examination of the records, it appeared that the school had hiked the fee but, the recommendations of 6th Pay Commission had not been implemented. Accordingly, it was placed in Category 'A'.

In order to verify the returns of the school, it was directed vide notice dated.03.08.2012, to produce its fee and salary records and also to submit reply to the questionnaire on 21.08.2012.

On the scheduled date, Mrs. Sumán, H.M. of the school appeared and produced the required records. Reply to questionnaire was also filed. According to the reply, the school had not hiked the fee, but claimed to have implemented the recommendations of the 6th. Pay commission w.e.f. 01.04.2011. The records, produced by the school were examined by Sh. A.D. Bhateja, Audit Officer of the Committee. He observed that the school had hiked the tuition fee by 11.11 %, in 2009-10 and 2010-11.

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In order to provide an opportunity of hearing to the school, vide notice dated 25.04.2013, it was directed to appear before the Committee on 14.05.2013, along with its fee and accounting records.

On the appointed date of hearing, Mrs. Suman, Principal of the school appeared before the Committee.. She was heard. The records of the school were also examined.

During the course of hearing, the Principal of the school contended that the fee hike effected by the school in 2009-10 was only around 10%. With regard to implementation of the 6th Pay Commission, she initially claimed that it was implemented w.e.f. April, 2011. When asked about the mode of payment of salary after implementation of 6th Pay Commission and deduction of the tax at source from the increased salaries, she conceded that the implementation was shown only on paper and had not actually been implemented. In actual fact, the staff was paid consolidated salaries in cash.

On examination of the records of the school, the Committee observed that the school had hiked the fee in the following manner:

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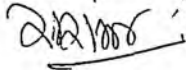
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Class	Tuition fee in 2008-09 (Monthly)	Tuition fee in 2009-10 (Monthly)	Fee Hiked in 2009-10
I	972	1080	108
II	1053	1170	117
III	1134	1260	126
IV	1213	1350	137
V	1296	1440	144
VI	1377	1530	153
VII	1458	1620	162
VIII	1539	1710	171

The Committee is of the view that notwithstanding non-implementation of 6th Pay Commission report, since the fee hike effected by the school was only of the order of 10% in 2009-10, no intervention is called for in the matter.


Recommended accordingly.

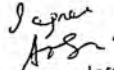

DR. R.K. Sharma
Member


J.S. Kochar
Member

Dated: 01/08/2013

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01/08/2013



B-68

Holy Child Sr. Sec. School, Tagore Garden, New Delhi

In reply to the questionnaire dated 27/02/2012 sent to the school, it, vide letter dated 3rd March 2012, submitted that it had implemented the VI Pay Commission w.e.f. September 2009 and had also paid arrears of salary to the staff on account of retrospective application of the VI Pay Commission. It further submitted that it had increased the fee of the students in accordance with the order dated 11/02/2009 of the Director of Education. The fee was increased w.e.f. September 2008 and the arrear fee was also recovered from the students. It was further submitted that the Grievance Redressal Committee of the Directorate of Education had allowed the school a further hike in fee to the tune of Rs. 130 per month over and above the hike permitted vide order dated 11/02/2009. This further hike was implemented w.e.f. April 2009 Based on this reply submitted by the school, it was placed in Category 'B'.

Preliminary examination of the financials of the school was carried out by the Chartered Accountants detailed with this Committee. As the school claimed to have increased the tuition fee w.e.f. 01/09/2008, the audited balance sheet of the school as on 31/03/2008 was taken as the basis for calculation of the funds available with the school for the purpose of implementation of the VI Pay Commission Report. As per the preliminary calculations made by the CAs detailed with the Committee, the funds available with the

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school as on 31/03/2008 were to the tune of **Rs.1,91,21,425**. The arrears of VI Pay Commission paid to the staff were **Rs.1,53,83,465**. The arrear fee recovered by the school for the period 01/01/2006 to 31/08/2008 was **Rs. 67,38,000**. The additional burden on account of increased salary due to implementation of VI Pay Commission from 01/09/2008 to 31/03/2010 was **Rs.2,00,13,970**. The increased fee for the period 01/09/2008 to 31/03/2010 was **Rs. 1,76,86,320**. The school was, therefore, served with a notice dated 24/12/2012 for providing it an opportunity of hearing by the Committee on 07/01/2013 and for enabling it to provide justification for the hike in fee, as prima facie, it appeared to the Committee that the school had increased fee more than what was required to offset the additional burden on account of implementation of the VI Pay Commission Report.


On the date of hearing, Sister Paulette, Manager of the School appeared with Sh. V.J. Chako and Sh. Parmod Sinha, Chartered Accountant. The school also filed a letter dated 07/01/2013, contending that as their case had already been examined by the Grievance Redressal Committee, which after being satisfied of their case, permitted a further fee hike of Rs. 130 per month to the school, no further justification was needed.

The contention of the school was examined and the Committee was of the view that the issue of fee hike had to be examined by it irrespective of the same having been examined by any other authority or body, in terms of the mandate of the Hon'ble Delhi High Court in



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WP(C) 7777 of 2009. The representatives of the school were provided with the preliminary calculations prepared by the CAs detailed with the Committee and were partly heard by the Committee on such calculations. They sought time to respond to the calculations. As per their request, the next hearing was fixed for 01/02/2013. They were also asked to provide details of Development fee, its treatment in the accounts, the manner of its utilisation and earmarking of development fund and depreciation reserve fund.

On 01/02/2013, the aforesaid representatives of the school again appeared and filed detailed written submissions dated 01/02/2013.

Submissions:-

Shorn off unnecessary details, the thrust of the arguments of the school was that the school was required to maintain funds in reserve for meeting its accrued liability of gratuity and leave encashment besides maintaining a reserve for three months salary. The school had also a liability for making payment of arrear in terms of Modified Assured Career Progression (MACP) as per the VI Pay Commission. The school also contended that it had unutilized development fund collected from 2006-07 to 2009-10 amounting to Rs. 59,10,227 which also had to be kept in reserve. The school filed reports of Sh. M.L. Sondhi, Consulting Actuary in support of its claim for accrued liabilities of gratuity and leave encashment as on 31/03/2010. Taking into consideration all the above factors, the



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school submitted that it was actually having a short fall and not a surplus as worked out by the CAs detailed with the Committee.

The representatives of the school were heard and the financials of the school as also the preliminary calculations made by the CAs detailed with the Committee were examined. The written submissions filed by the school as also the documents produced during the course of hearing were examined.

Discussion:

The Committee finds that the school has not seriously contested the figure of funds available as on 31/03/2008 as worked out by the CAs detailed with the Committee. Its only claim is that such funds had to be kept in reserve to meet the accrued liabilities and future contingencies. Hence it would be in order to discuss the issues raised by the school.

Re.: Accrued Liability towards gratuity and leave encashment

On perusal of the report of Sh. M.L.Sodhi, Consulting Actuary, the Committee observes that as on 31/03/2010, the school had an accrued liability of Rs. 1,39,89,832 towards gratuity and a sum of Rs. 48,71,733 towards leave encashment. These are statutory liabilities and are duly supported by the report of a competent professional. Hence the contention of the school that it had to keep funds in reserve for meeting these liabilities is accepted and the same will be factored in while making the final determination.



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Re.: Liability for Modified Assured Career Progression (MACP).

The school has submitted that a sum of Rs. 21,90,140 was paid to the staff as MACP arrears in 2010-11. These pertained to the period ending 31st March 2010 and as such should be reduced from the figure of funds available. The Committee is of the view that this liability arose on account of implementation of VI Pay Commission and the school ought to have kept funds in reserve for meeting this liability. This will be factored in while making the final determination.

Re.: Reserve for future contingencies

The school has claimed that it ought to keep in reserve, an amount equivalent to three months salary which amounts to Rs. 1,11,46,224. This figure is based on salary for the month of March 2010. However, in the considered view of the Committee, besides keeping in reserve amount equivalent to three months salary, the school ought to keep one month salary, over and above the three months salary, to meet future contingencies. The Committee is therefore of the view that the school ought to keep an amount of Rs. 1,48,61,632 in reserve. This will be factored while working out the final determination.

Re.: Unutilized Development fund

During the course of hearing on 01/02/2013, the school fairly conceded that the development fee recovered by the school was not treated as a capital receipt but the same was treated as a revenue



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receipt. The unutilized development fund and depreciation reserve fund on assets acquired out of development fee were not set apart and kept earmarked in a separate bank account or FDRs or Govt. securities. As the school was not fulfilling the mandatory conditions for charging development fee as recommended by the Duggal Committee which was affirmed by the Hon'ble Supreme Court in the case of **Modern School vs. Union of India (2004) 5 SCC 583**, the contention of the school on the issue of development fee is rejected.

Determinations:

1. Tuition fee

The funds available with the school as on 31/03/2008 are determined to be Rs. 1,91,21,425 as the school has not seriously controverted this figure.

However, the Committee is of the view that out of the total funds available, the school ought to keep in reserve the following amounts:

Accrued liability of gratuity as on 31.03.2010	Rs. 1,39,89,832
Accrued liability of Earned leave as on 31.03.10	Rs. 48,71,733
Reserve equivalent to 4 months salary	<u>Rs.1,48,61,632</u>
	<u>Rs.3,37,23,197</u>

Thus, the Committee is of the view that the school had a shortfall of Rs. 1,46,01,772 which needed to be made good by fee hike for implementation of VI Pay Commission. The total recovery made by the school on account of fee hike, both arrears



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and recurring, was to the tune of Rs. 2,44,24,320. However, the additional liability towards increased salary and arrears was Rs. 3,53,97,435. Thus the school was in the red to the tune of Rs. 2,55,74,887.

Development Fee

As noted above, the school did not fulfill the mandatory conditions laid down for charging development fee. The school submitted a chart showing recovery of development fee from 2006-07 to 2009-10. On examination of this chart, it is revealed that the school had collected development fee to the tune of Rs. 64,77,243 in 2009-10. The figure for 2010-11 was neither furnished nor is discernible from the financials of the school for that year as only a consolidated figure is given under the heading 'School fee collections'. As the school was not fulfilling the mandatory conditions laid down by the Hon'ble Supreme Court, the recovery of development fee was unauthorized and deserves to be refunded.


Recommendations:

In view of the fact that the school had a large short fall after payment of VI Pay Commission dues to the staff which is much more than the development fee which was unauthorisedly recovered and also in view of the fact that the school is satisfied with the additional fee hike allowed to it by the Grievance Redressal Committee of the Directorate of Education, the




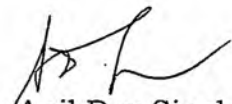
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Committee is of the view that no intervention is required in the matter. Recommended accordingly.


CA J.S. Kochar
Member


Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 09-05-2013

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Basava International School, Dwarka, Delhi-110075

In reply to the questionnaire dated 27/02/2012, the school vide letter dated 01/03/2012 submitted that it had implemented the VI Pay Commission w.e.f. 01/04/2009 and had also paid arrears of salary to the staff on account of retrospective application of the VI Pay Commission for the period January 2006 to March 2009. Salary statement for March 2009 and April 2009 were also submitted to show that differential salary on account of implementation of VI Pay Commission. It further submitted that it had increased the fee of the students in accordance with the order dated 11/02/2009 of the Director of Education. The fee was increased w.e.f. April 2009 and the arrear fee was also recovered from the students. Circulars issued to the parents of the students with regard to payment of increased fee and arrears were also submitted. Based on this reply submitted by the school, it was placed in Category 'B'.

Preliminary examination of the financials of the school was carried out by the Chartered Accountants detailed with this Committee. The school was served with a notice dated 24/12/2012 for providing it an opportunity of hearing by the Committee on 09/01/2013 and for enabling it to provide justification for the hike in fee.

On the date of hearing, Ms. Poornima Ambli, Manager of the School appeared with Ms. Swati Khanna Accountant and Sh. Parvesh



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Arora, Chartered Accountant. At the very outset, it was contended on behalf of the school that there were mistakes in the reply given by the school to the questionnaire issued by the Committee. The actual figure of salary for March 2009 was Rs. 8,40,822 while that for April 2009, it was Rs. 12,96,507. Similarly the figures of salary arrears were actually Rs. 26,32,420. The Committee also observed that the CAs detailed with the Committee had calculated the position of availability of funds as on 31/03/2008 while the school had hiked the fee and also implemented the VI Pay Commission w.e.f. 01/04/2009. Hence the Committee was of the view that the position of available funds should be calculated with reference to 31st March 2009 and not 31st March 2008. Accordingly a revised computation was made as on 31/03/2009 which also took into account the revised figures given by the school. The calculations made by the CAs attached with the Committee were discarded. As per the preliminary calculations made by the Committee, the funds available with the school as on 31/03/2009 were to the tune of **Rs.30,04,444**. The arrears of VI Pay Commission paid to the staff were **Rs.26,32,420**. The arrear fee recovered by the school for the period 01/01/2006 to 31/08/2008 was **Rs. 26,32,420**. The additional burden on account of increased salary due to implementation of VI Pay Commission from 01/04/2009 to 31/03/2010 was **Rs. 34,58,676**. The incremental revenue on account of increased fee for the period 01/09/2008 to 31/03/2010 was **Rs. 70,81,400**. A copy of the preliminary calculation sheet was given to the school for its comments and the hearing was adjourned to



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04/02/2013. The school was also asked to give specific reply to the following queries with regard to development fee:

- (a) How development fee was treated in the books of accounts?
- (b) Whether separate development fund and depreciation reserve fund were maintained?
- (c) How much development fee was recovered and what was its manner of utilization?

On 04/02/2013, the aforesaid representatives of the school again appeared and filed detailed written submissions dated 04/02/2013.

Submissions:-

Shorn off unnecessary details, the school put forth the argument that the Committee should also have considered certain other liabilities of the school as on 31/03/2009, apart from the liabilities which it had considered, and if such liabilities were considered, there would be a deficit in so far as the funds available for implementation of VI Pay commission are concerned. The school also submitted its own calculation sheet. In nutshell, the stand of the school was that the following liabilities of the school as on 31/03/2009 ought to have been taken into account.

- | | |
|------------------------------------|---------------|
| (a) Gratuity payable | Rs. 15,29,681 |
| (b) Loan payable to L.B.E. Society | Rs. 26,93,730 |

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Secretary

With regard to gratuity payable, the school stated that it had taken a group gratuity policy from Life Insurance Corporation of India as per which the liability for payment of gratuity would be taken care of by LIC on payment of the contribution by the school towards the gratuity fund. However, there was a liability for past service gratuity amounting to Rs. 15,29,681 which needed to be discharged. The school has also filed a copy of letter dated 26/08/2009 of LIC to this effect.

With regard to the liability of Rs. 26,93,730 to LBES Society, it was contended that the school had borrowed this amount on short term basis from the Society and had repaid the same during the subsequent financial year.

Besides, the school also claimed that it ought to be allowed to keep a reserve of Rs. 18,81,000 which is equivalent to one month's expenses.

Further, as against the figure of Rs. 26,32,420 taken by the Committee as arrear payment to the staff, the school claimed that actually the amount was Rs. 27,06,868. As against the incremental salary for the year 2009-10 on account of implementation of VI Pay Commission, the school stated that the amount was actually Rs. 50,35,164 as against Rs. 34,58,676 taken by the Committee.

Similarly with regard to recovery of arrear fee for the period 01/01/2006 to 31/08/2008, the school stated that it had recovered arrear fee to the tune of Rs. 21,50,692 as against Rs.

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Secretary

34,16,000 taken by the Committee. The increased fee for the period 01/09/2008 to 31/03/2010 was stated to be Rs. 67,72,600 as against 70,81,400 taken by the Committee. The differences on account of arrear fee and incremental fee between the figures taken by the Committee and the figures taken by the school were explained to be on account of students enjoying full or partial fee concessions and on account of some students who had left the school and hence no recovery was made.

The representatives of the school were heard and the financials of the school were examined. The written submissions filed by the school as also the documents produced during the course of hearing were examined.

Discussion:

Re.: Accrued Liability towards gratuity

The Committee is of the view that the contention of the school regarding accrued liability of gratuity for the past service is unexceptionable as the same is duly supported by the actuarial valuation made by the Life Insurance Corporation of India.

Re.: Loan payable to LBE Society

The Committee, on examination of the statement of account of the Society maintained in the books of the school, observes that the school is maintaining a running account with the Society which is not in accordance with the provisions of Delhi School Education Act and

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JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee
Secretary

Rules 1973. The school is required to conduct its affairs at an arm's length from the Society. The Committee also observes that the school was granted recognition w.e.f. 01/04/2006 and the balance of the Society in the books of the school stood at Rs. 48,81,633 as on that date. This amount has to be taken as the corpus contributed by the Society. This balance must be maintained at all times and any depletion in the balance below this figure would amount to transfer of funds from the school to the Society which is prohibited as per the law laid down by the Hon'ble Supreme Court in the case of Modern School vs. Union of India & ors (2004) 5 SCC 583 and Action Committee Unaided Pvt. Schools and Ors vs. Director of Education & Ors (2009) 11 SCALE 77. The Committee finds that the balance of the Society in the books of the school as on 31/03/2009 was Rs. 54,55,457, which was Rs. 5,73,824 more than the initial corpus contributed by the Society. Hence the Committee is of the view that only a sum of **Rs. 5,73,824** can be considered as a liability outstanding on 31/03/2009 which ought to be taken into account.

Re.: Reserve for future contingencies

Consistent with the view of the Committee in case of others schools, the Committee is of the view that a reserve equivalent to four months' salary ought to be maintained by the school. The salary for the month of March 2010 was Rs. 13,07,439. Therefore, the school ought to be allowed to maintain a reserve equivalent to **Rs. 52,29,756** as against Rs. 18,81,000 claimed by the school.



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Re.: Arrear salary and Incremental salary on account of implementation of VI Pay commission

The Committee notes that the figure of arrears salary taken by it at Rs. 26,32,420 was on the basis of the oral submissions made by the school on 09/01/2013 which were recorded in the order sheet and duly signed by the representatives of the school. However, the revised figure of Rs. 27,06,868 is the actual amount paid as per the books of accounts. The difference being nominal, the figure of **Rs. 27,06,868** is taken to be correct.

With regard to the incremental salary for the year 2009-10, the Committee notes that in the preliminary calculations made by the Committee, the figure of Rs. 34,58,676 was inadvertently retained from the earlier calculations made by the CAs detailed with the Committee. The calculations of the CAs had been discarded as they were not found to be correct. The figure of **Rs. 50,35,164** given by the school is coming from the accounts of the school and the Committee accepts the same.

Re.: Arrear fee and incremental fee recovered by the school

The explanation of the school is that the differences between the figures taken by the Committee and those taken by the school are on account of some students enjoying full or partial fee concession and some students having left the school. This is found to be correct. Therefore, the following figures will be taken by the Committee in the final determination:

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IN 7
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COMMITTEE
For Review of School Fee

Arrear fee from 01/01/2006 to 31/08/2008

Rs. 21,50,692

Incremental fee from 01/09/2008 to 31/03/2010

Rs. 67,72,600

Determinations:**1. Tuition fee**

The funds available with the school as on 31/03/2009 are determined to be Rs. 9,00,939 as follows:

Funds available as per preliminary calculation sheet		30,04,444
Less:		
1. Liability for gratuity	15,29,681	
2. Liability for loan repayment to LBES	<u>5,73,824</u>	21,03,505
Net funds available		9,00,939

The arrear fee recovered amounting to Rs. 21,50,692 and the incremental fee recovered amounting to Rs. 67,72,600 make a total kitty of **Rs. 89,23,292**. The reserve required to be maintained by the school for future contingencies amounts to **Rs. 52,29,756**. This leaves the school with funds amounting to **Rs. 36,93,536** for implementation of VI Pay Commission. The arrear salary and the incremental salary paid by the school amount to **Rs. 77,42,032**. Thus the school was actually in deficit to the tune of **Rs. 40,48,496**. However, the school has not made any request for allowing it to hike the fee further. On the contrary, the school, vide written submissions dated 04/02/2013, has merely requested the Committee to consider the fee hiked by it as justified and accept the same.

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ANIL DEV SINGH
COMMITTEE
For Review of School Fee

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Development Fee

The school has stated in its submissions dated 04/02/2013 that it does not charge any development fee. No such levy is discernible from its accounts also.

Recommendations:

In view of the fact that the school actually had a deficit after payment of VI Pay Commission dues to the staff, the Committee is of the view that no intervention is required in the matter. Recommended accordingly.

Sd/-**Sd/-****Sd/-**

Dr. R.K. Sharma
Member

CA J.S. Kochar
Member

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 09/05/2013

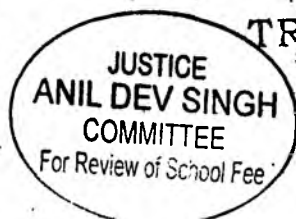
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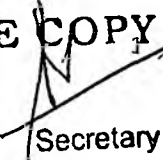
Rabea Girls Public School, Ballimaran, Delhi-110006

The Committee had sent a questionnaire dated 27/02/2012 to the school by email requiring it to give information with regard to implementation of VI Pay Commission report and the fee hike effected by it in terms of order dated 11/02/2009 issued by the Director of Education. The school, vide letter dated 29/02/2012, submitted its reply in which it stated that it had implemented the VI Pay Commission Report and increased the salaries accordingly w.e.f. September 2008. It was stated that before implementation of VI Pay Commission Report, the monthly salary expenditure was Rs. 9,56,564 which increased to Rs. 13,42,267 after its implementation. Therefore, there was monthly increase of **Rs. 3,85,703** in its expenditure on salary. It was also stated in its reply that no arrears of salary were given to the staff for the period 01/01/2006 to 31/08/2008. With regard to hike in fee, it was stated that the school had hiked the tuition fee and development fee w.e.f. 01/04/2009. The hike in tuition fee was of the order of **Rs. 200** per month for all the classes. It also stated that the school had recovered arrear fee amounting to **Rs. 2,500** per child. On the basis of this reply, the school was placed in Category 'B'.

Preliminary examination of the financials of the school was carried out by the Chartered Accountants detailed with this Committee. As the school admittedly increased the fee w.e.f.



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01/09/2008, the audited balance sheet of the school as on 31/03/2008 was taken as the basis for calculation of the funds available with the school for the purpose of implementation of the VI Pay Commission Report. As per the preliminary calculations made by the CAs detailed with the Committee, the funds available with the school as on 31/03/2008 were to the tune of **Rs.13,48,736**. The additional burden on account of increased salary due to implementation of VI Pay Commission from 01/09/2008 to 31/03/2010, was **Rs.73,28,357**. The arrear fee recovered by the school was **Rs.31,82,500**. The incremental revenue of school on account of increase in fee from 01/04/2009 to 31/03/2010 was **Rs. 31,87,200**. After taking into account the increased fee and salary, the school had a surplus of **Rs.3,90,079**. The school was served with a notice dated 20/02/2013 for providing it an opportunity of hearing by the Committee on 25/03/2013 and for enabling it to provide justification for the hike in fee.

On the appointed date, Dr. Naheed R. Usmani, Vice Principal of the school, Sh. Mohd. Nasim, Sr. Accountant, Sh. Mohd Usmani, Chief Accounts Officer of Hamdard Education Society and Sh. Khwaja Khutubuddin, Co-ordinator of Hamdard Education Society appeared and were heard by the Committee. They were provided with the preliminary calculations prepared by the CAs detailed with the Committee. They sought some time for responding to the calculations. It was contended by the school that the school had

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recovered adhoc arrears of Rs. 2,500 from each student which were utilised for payment of arrears from 01/09/2008 to 31/03/2009. The increased salaries as per VI Pay Commission were paid from April 2009. As the school was found to be charging development fee also, besides tuition fee, in order to verify whether the school was fulfilling the preconditions for charging of development fee, it was asked to give specific replies to the following queries regarding development fee:

- (a) How much development fee had been charged in the years 2006-07 to 2010-11?
- (b) For what purpose development fee was utilised?
- (c) How the development fee was treated in the accounts of the school?
- (d) Whether earmarked bank accounts or FDRs or investments were maintained against unutilised development fee and depreciation reserve fund?

As requested by the school, the hearing was adjourned to 22/04/2013, but the school was advised to file its written submissions by 10/04/2013.

On 09/04/2013, the school filed its own calculation sheet showing availability of funds vis a vis liability on account of VI Pay Commission. Replies to queries regarding development fee were also filed. As per the calculation sheet filed by the school, the school claimed to have net current assets (funds) to the tune of Rs. 5,17,886 as against Rs. 13,48,736 determined by the CAs attached with the



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Committee. The difference of Rs. 8,30,850 was due to the fact that the school claimed a liability of Rs. 8,30,850 payable to Hamdard Education Society which runs the school.

Further the arrear fee recovered from the students admitted by the school was to the tune of Rs. 33,01,878 as against Rs. 31,82,500 calculated by the CAs. Similarly, the increased fee for the year 2009-10 was shown by the school at Rs. 33,31,802 as against Rs. 31,87,200 calculated by the CAs. The increased salary of staff during the year 2009-10 on account of implementation of VI Pay Commission Report was shown at Rs. 77,56,162 by the school as against 73,28,357 calculated by the CAs.

The school gave a detail of development fee collected and utilised from 2006-07 to 2010-11. It was claimed that the development fee was utilised for purchase of fixed assets and was shown in the balance sheet as fund for future development. Further it was claimed that the development fund was represented by bank deposits and balances. Nothing was said about maintenance of depreciation reserve fund.

On 22/04/2013, the aforesaid representatives of the school again appeared and were heard. The written submissions dated 09/04/2013 were discussed with them. The school also filed details of arrears paid to the staff. The school desired to file details of accrued liability of gratuity and leave encashment as on 31/03/2010. The hearing was concluded giving liberty to the school to file the details as

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requested within ten days. The required details were filed by the school on 29/04/2013.

Submissions & Discussion:

Re.: Liability to Hamdard Education Society

The school claimed that it had a liability of Rs. 8,30,850 towards its parent society i.e. Hamdard Education Society which is duly reflected in its balance sheet as on 31/03/2008 but the same was omitted from the calculations of funds available made by the CAs. It was contended that a sum of Rs. 7.00 lakhs was taken by the school in 1994-95 to meet the shortfall in salary and the same had been repaid in the year 2009-10. Further an amount of Rs. 1,30,850 was payable by the school to the society as its 5% contribution to the cost of building. Therefore these amounts ought to be deducted from the funds available with the school.

The Committee has considered the arguments put forth by the school and is of the view that in so far as the loan of **Rs. 7.00 lakhs** is concerned, the same ought to be deducted from the funds available as the loan was taken for meeting a revenue expenditure and has been repaid in the subsequent year. However, with regard to a contribution of Rs. 1,30,850 payable to Hamdard Education Society as the share of cost of building, the Committee is of the view that the same cannot be deducted as the capital expenditure can be incurred by the school only out of savings as per Rule 177 of Delhi School Education Rules

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1973. Such savings have to be worked out after meeting the expenditure on salaries. It would be incongruous for the school to incur capital expenditure out of its own funds and raise the fee of the students to meet the increased expenditure on account of salaries.

Re.: Differences in the calculation sheet on account of arrear fee, incremental fee and incremental salary.

The Committee has reviewed the working of the CAs attached with it and has found that while the figures taken by the school are on the basis of audited financials, those taken by the CAs are derived by making calculations. Since, no irregularity has been found by the Committee in the maintenance of accounts by the school and the payment of salaries is through banking channels and proper taxes and provident fund are deducted from salaries, the audited accounts would throw up the actual figures which can be relied upon. Hence, in view of the Committee, the following figures furnished by the school on the basis of its audited accounts are acceptable and would be taken into account while making final the determination.

(a) Arrear fee recovered	Rs. 33,01,878
(b) Incremental fee for 2009-10	Rs. 33,31,802
(c) Incremental salary for 2009-10	
On account of implementation of VI Pay Commission Report	Rs. 77,56,162

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ANIL DEV SINGH
COMMITTEE
For Review of School Fee

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Re.: Funds to be set apart**(i) For Gratuity and Leave encashment**

The school submitted a detail of its accrued liability on account of gratuity as on 31/03/2010. As per the details submitted the school had a liability of Rs. 61,04,427 towards gratuity and Rs. 17,78,367 towards leave encashment. While working out the liability of gratuity, the school did not include any employee with less than the qualifying years of service i.e. 5 years.

The Committee has examined the detail and found to be in order. Thus a sum of **Rs. 78,82,794** on account of gratuity and leave encashment liabilities will be taken into consideration in the final determination.

(ii) Reserve for future contingencies

Although the school has not made any claim to set apart any funds in reserve for meeting any future contingencies, the Committee has taken a consistent view that the schools should maintain a reserve equivalent to four months' salary for future contingencies. The monthly expenditure on salary, post implementation of VI Pay Commission was Rs. 13,42,267, as claimed by the school in reply to the questionnaire. Therefore, the Committee is of the view that the school ought to retain a sum of **Rs. 53,69,068** for future contingencies.

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Determinations:**Tuition fee**

The Committee has determined that the school had net funds to the tune of **Rs. 6,48,736**, available with it as on 31/03/2008. This determination is made as follows:

Particulars	Amount
Funds available as per preliminary calculation sheet	13,48,736
Less	
1. Loan payable to Hamdard Education Society	7,00,000
Net funds available	6,48,736

As per the above discussion, the school was required to set apart a sum of Rs. 78,82,794 towards accrued liability of gratuity and leave encashment as on 31/03/2010. Further as discussed above, the school ought to have maintained a reserve equivalent to Rs. 53,69,068 future contingencies. Thus, a total sum of Rs. 1,32,51,862 was required to be set apart by the school. As against this, the funds available with the school were just Rs. 6,48,736. There was, thus a shortfall of **Rs. 1,26,03,126** in its requirement for reserves. In view of this Committee is of the view that the school did not have any funds of its own in order to implement the VI Pay Commission Report and a fee hike was imminent.

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For Review of School Fee

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The school admitted, in the calculation sheet submitted by it, to have recovered the following sums by way of arrear fee and increased fee in accordance with the order dated 11/02/2009:

(a) Arrears fee	Rs. 33,01,878
(b) Increased fee from 01/04/2009 to 31/03/2010	<u>Rs. 33,31,802</u>
	<u>Rs. 66,33,680</u>

The additional liabilities on account of implementation of VI Pay Commission by way of increased salary from 01/09/2008 to 31/03/2010 was Rs. 77,56,162. Thus the school was in deficit to the tune of **Rs. 11,22,482** after implementation of VI Pay Commission Report.

Development Fee

Contrary to the claim of the school that it was showing development fee as fund for future development in its balance sheets, the Committee has observed that the school was showing development fee as a revenue receipt which was utilised for meeting its revenue expenditure. Further no depreciation fund was being maintained by the school nor was any earmarked deposit maintained. As the schools were allowed to charge development fee on the specific condition that the schools would treat the development fee as a capital receipt and



Secretary

maintain a depreciation reserve fund, the Committee is of the view that the development fee charged by the school was not in accordance with the conditions laid down by the Duggal Committee which were affirmed by the Hon'ble Supreme Court in the case of Modern School vs Union of India & ors. (2004) 5 SCC 583.

From the detail of development fee filed by the school as well as the Income & Expenditure accounts of the respective years, the Committee observes that the school charged a sum of Rs. 21,82,365 as development fee in 2009-10. However, no development fee was charged by the school in 2010-11. As such the development fee charged by the school amounting to Rs. 21,82,365 in 2009-10 was not in accordance with law.

Recommendations:

Since, the Committee has found that the school was in deficit after implementation of VI Pay Commission Report and also the school did not have sufficient funds to provide for future contingencies and its liabilities for gratuity and leave encashment which far exceeded the amount of development fee unauthorisedly charged in 2009-10, The Committee is of the view that no intervention is required in the matter of fee. The Committee has consciously not recommended any hike in fee over and above the amount of fee hike effected by the school in accordance with order dated 11/02/2009 of the Director of

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Education as no claim was made by the school to be allowed a further hike.

Recommended accordingly.

Sd/-

Dr. R.K. Sharma
Member

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 23/07/2013



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Secretary

Oxford Senior Secondary School, Vikas Puri, New Delhi-110018

The school submitted a representation dated 27/01/2012 in the office of the Committee vide which it stated that the school did not have sufficient funds for full implementation of the report of the VI Pay Commission as the arrear of salary which were payable to the staff from 01/01/2006 to 28/02/2009 was to the tune of Rs. 2,18,34,450 while the school was able to collect arrears amounting to Rs. 1,27,67,470 only in terms of the order dated 11/02/2009 issued by the Directorate of Education. The school still had to pay arrears of Rs. 1,11,00,963. Besides the school had a massive liability of gratuity which as on that date stood at Rs. 2,20,06,000. In view of this the school made a request that fee hike between 40% to 50% be allowed to it in order to pay of the liabilities and generate some surplus to make it financially strong. The school was placed in Category 'B'.

Preliminary examination of the financials of the school was carried out by the Chartered Accountants detailed with this Committee. On examination of the documents submitted by the school alongwith its representation dated 27/01/2012, it became apparent that the school had hiked the fee w.e.f. 01/09/2008. Therefore, the audited balance sheet of the school as on 31/03/2008 was taken as the basis for calculation of the funds available with the school for the purpose of implementation of the VI Pay Commission Report. As per the preliminary calculations made by the CAs detailed,

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For  Secretary



with the Committee, the funds available with the school as on 31/03/2008 were in the negative zone to the tune of **Rs.45,66,305**. The school was issued a notice dated 20/02/2013 for providing it an opportunity of hearing by the Committee on 22/03/2013 to enable the school to justify its claim for hike in fee over and above what had been permitted by the order of the Director of Education dated 11/02/2009.

On 22/03/2013, Captain Shri Kant Sharma, Manager of the school appeared with Sh. I.P. Pasricha, Chartered Accountant. In order to ascertain the reasons for negative funds as on 31/03/2008, the financials of the school for the years 2006-07 and 2007-08 were examined by the Committee and it was observed that during 2006-07, the school had a cash profit of Rs. 11 lacs. Further, during this year, the school added fixed assets to the tune of Rs. 5.47 lacs. Similarly during the year 2007-08, the school had a cash profit of Rs. 11.63 lacs. During the said year, the school acquired fixed assets for a sum of Rs. 6.25 lacs. As these figures were not supportive of contention of the school that it was running in deficit, the representatives of the school were questioned as to how the funds available with the school could be in negative zone, when the school was making cash profits. In order to elicit the real reason for the predicament of the school, it was asked whether the revenue of the school collected by way of fee, were being diverted for other purposes like investment in land or building or other infrastructure of the school without raising any long

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For Secretary

JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School

terms funds from the Society running the school or the funds were being withdrawn by the Society.

The school conceded that all its fixed assets, including land and building, had been created out of the revenue generated by it from the fee of the students as the Society which set up the school made a very nominal contribution at the time of its establishment as it did not have any funds of its own. Even the students security deposits had been used for creation of fixed assets.

At this stage, a reference to section 4 of Delhi School Education Act 1973 would be apposite. It provides, inter alia, that no school shall be recognised unless it has adequate funds to ensure its financial stability, it has a suitable or adequate accommodation and it has prescribed facility for physical education, library service, laboratory work, workshop practice or co-curricular activities. These are the pre-requisite for grant of recognition to any school. Unless the school has proper accommodation and other physical infrastructure in place, it would not be recognized. In other words, all these facilities and infrastructures are to be provided by the Society before the school is granted recognition. They are not to be created out of the revenues generated by way of fee from students which would accrue only after the school is established and recognized. As per the balance sheet of 31/03/2008, the school had a gross block of fixed assets amounting to Rs. 2,24,82,789 which includes land and building valued at Rs. 20,02,255 and Rs. 1,03,91,723 respectively. Admittedly all these fixed

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For Secretary



assets have been acquired by the school out of funds generated by way of fee collected from the students. Having regard to this aspect of the matter, the Committee is of the view that the school is not entitled to have the benefit of funds in the negative zone as on 31/03/2008. If the school is allowed to increase the fee to cover up this deficiency, it would amount to providing the school with a way to finance its fixed assets, including land and building, which the Society of the school ought to have provided. If anything, the school should recover the amount of its investment and fixed asset from the Society. Therefore, the negative funds as on 31/03/2008 have to be ignored from the calculations.

A copy of the preliminary calculations made by the Chartered Accountants attached with the Committee was provided to the school to cross check the calculations with regard to the recovery of hiked fee and arrears in terms of the aforesaid order dated 11/02/2009 and the calculation of impact of VI Pay Commission by way of payment of arrears and increased salary. As per the preliminary calculations, the school recovered arrears fee amounting to Rs. 1,27,67,470 while it made payment of arrears salary amounting to Rs. 1,07,33,490. The additional revenue on account of fee hike from 01/09/2008 to 31/03/2010 was to the tune of Rs. 1,56,05,200 while the additional payment on account of increased salary for the corresponding period was Rs. 1,42,95,450. As the school was also charging the development fee, in order to ascertain whether it was fulfilling the

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For Secretary



prescribed pre conditions for charging development fee, it was asked to respond to the following specific queries:

- (a) How development fee was treated in the accounts?
- (b) How much development fee had been charged in 2009-10 and 2010-11 as it was contended that prior to that the school was not charging any development fee?
- (c) For what purposes development fee had been utilised?
- (d) Whether separate earmarked development fund account and depreciation reserve fund account were maintained or earmarked FDRs or securities were kept?

For the response of the school, the matter was directed to come up on 10/04/2013. On this date, the aforesaid representatives of the school filed written submissions dated 10/04/2013 in which some parts of the preliminary calculation sheet were disputed. The school also filed its own calculation sheet.

Submissions:-

It was contended by the school, vide the aforesaid written submissions, as follows:

- (a) FDRs for Rs. 5,04,072 taken into account by the Committee while working out the funds available as on 31/03/2008, ought to be excluded as CBSE have a lien over them.

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For Secretary



- (b) In the preliminary calculation sheet, the Committee had considered the arrear salary to be Rs. 1,07,33,490 whereas actually it was Rs. 2,18,34,450.
- (c) The increased salary for the period 01/04/2009 to 31/03/2010 was Rs. 1,45,47,125 while the calculation sheet reflected the same to be Rs. 1,31,95,800.
- (d) The arrear fee recovered during the period 01/09/2008 to 31/03/2009 amounting to Rs. 58,19,800 had been factored in twice in the preliminary calculation of funds available with the school in as much as the same was already included in the aforesaid figure of Rs. 1,27,67,470 (see page 4 supra).
- (e) The increased fee for the financial year 2009-10 was Rs. 85,98,000 as against Rs. 97,85,400 taken in the preliminary calculations. This was primarily on account of certain students enjoying fee concessions being in the EWS category or wards of staff category etc.
- (f) The school has a liability of approximately Rs. 1.80 crores towards gratuity and leave encashment which has not been factored in.
- (g) Rule 177 of Delhi School Education Rules 1973 permits the schools to utilise the money for needed expansion of school building. As such the school has not used its funds for any impermissible purpose.

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For  **Secretary**



The submission regarding development fee will be considered when we consider the issue of development fee in the later part of these recommendations.

Discussion:

Re.: Funds used for construction/expansion of school building

The contention of the school made with reference to Rule 177 of Delhi School Education Rules 1973 has been examined by the Committee. In this regard, it would be profitable to cite the relevant part of the report of the Duggal Committee. In para 7.24, the Committee observed

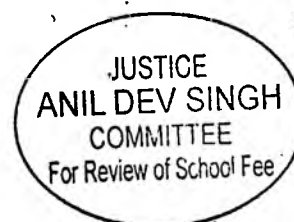
"7.24 Simultaneously, it is also to be ensured that the schools, do not discharge any of the functions, which rightly fall in the domain of the Society out of the fee and other charges collected from the students; or where the parents are made to bear, even in part, the financial burden for the creation of facilities including building, on a land which had been given to the Society at concessional rates for carrying out a "philanthropic" activity. One only wonders what than is the contribution of the Society that professes to run the School."

The report of the Duggal Committee was considered by the Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583 in which the Supreme Court observed as follows:

" It was argued on behalf of the management that Rule 177 allows the schools to incur capital expenditure in respect of the same school or to assist any other school or to set up any other school under the same management and consequently, the Director had no authority under clause 8 to restrain the school from transferring the funds from the Recognised Unaided School Fund to the society or the trust or any other institution and, therefore, clause 8 was in conflict with Rule 177.

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For Secretary



We do not find merit in the above arguments. Before analysing the rules herein, it may be pointed out, that as of today, we have Generally Accepted Accounting Principles (GAAP). As stated above, commercialisation of education has been a problem area for the last several years. One of the methods of eradicating commercialisation of education in schools is to insist on every school following principles of accounting applicable to not-for-profit organisations/non-business organisations. Under the Generally Accepted Accounting Principles, expense is different from expenditure. All operational expenses for the current accounting year like salary and allowances payable to employees, rent for the premises, payment of property taxes are current revenue expenses.

These expenses entail benefits during the current accounting period. Expenditure, on the other hand, is for acquisition of an asset of an enduring nature which gives benefits spread over many accounting periods, like purchase of plant and machinery, building, etc. Therefore, there is a difference between revenue expenses and capital expenditure. Lastly, we must keep in mind that accounting has a linkage with law. Accounting operates within the legal framework. Therefore, banking, insurance and electricity companies have their own form of balance sheets unlike balance sheets prescribed for companies under the Companies Act, 1956. Therefore, we have to look at the accounts of non-business organisations like schools, hospitals, etc. in the light of the statute in question.

In the light of the above observations, we are required to analyse Rules 172, 175, 176 and 177 of the 1973 Rules. The above rules indicate the manner in which accounts are required to be maintained by the schools. Under Section 18(3) of the said Act every recognised school shall have a fund titled "Recognised Unaided School Fund". It is important to bear in mind that in every non-business organisation, accounts are to be maintained on the basis of what is known as "Fund-Based System of Accounting". Such system brings about transparency. Section 18(3) of the Act shows that schools have to maintain Fund-Based System of Accounting. The said Fund contemplated by Section 18(3), shall consist of income by way of fees, fine, rent, interest, etc.

Section 18(3) is to be read with Rule 175: Reading the two together, it is clear that each item of income shall be accounted for separately under the common head, namely, Recognised Unaided School Fund. Further, Rule 175 indicates accrual of income unlike Rule 177 which deals with utilisation of income. Rule 177 does not cover all the items of income mentioned in Rule 175. Rule 177 only deals with one item of income for the school,

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For Secretary



namely, fees. Rule 177(1) shows that salaries, allowances and benefits to the employees shall constitute deduction from the income in the first instance.

*That after such deduction, surplus if any, shall be appropriated towards pension, gratuity, reserves and other items of appropriations enumerated in Rule 177(2) and after such appropriation the balance (savings) shall be utilised to meet capital expenditure of the same school or to set up another school under the same management. Therefore, Rule 177 deals with application of income and not with accrual of income. Therefore, Rule 177 shows that salaries and allowances shall come out from the fees whereas capital expenditure will be a charge on the savings. **Therefore, capital expenditure cannot constitute a component of the financial fee structure as is submitted on behalf of the schools.** It also shows that salaries and allowances are revenue expenses incurred during the current year and, therefore, they have to come out of the fees for the current year whereas capital expenditure/capital investments have to come from the savings, if any, calculated in the manner indicated above."*

Now turning to the facts of the present case, it was observed that during the years 2006-07 and 2007-08, the two years for which the balance sheets are available with the Committee, prior to the date of reckoning i.e. 31.03.2008, the school was making cash profits as well as acquiring fixed assets. The school was not charging any development fee prior to 01.09.2008 as submitted by it. It was also submitted that the entire infrastructure of the school, including land building, furniture and fixtures were purchased/constructed out of the resources generated by the school by way of fee i.e. tuition fee and annual charges. As submitted by the school, the contribution of the Society towards creation of the school infrastructure was minimal. Admittedly the school did not have any source of income other than the fees collected from the students or the interest on savings out of such fees. Hence, without injection of any funds from outside

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For Secretary



sources, the school has been able to build a huge infrastructure as would be apparent from the fact that the gross block of fixed asset as on 31/03/2008 was Rs. 2,18,56,552, which included the cost of land as well as the school building. Therefore, the irresistible conclusion is that the capital expenditure had always been taken into account by the school while deciding its fee structure. That clearly was not permissible in view of the law laid down by the Hon'ble Supreme Court. In this view of the matter, the Committee is unable to accept the argument of the school that the negative working capital as on 31.03.2008 is a factor to be considered by the Committee for allowing it a further fee hike. To allow that would amount to permitting the school to fill up its coffers, in the guise of implementation of VI Pay Commission Report. Therefore, the Committee would proceed on the basis that the school did not have any surplus funds as on 31/03/2008 in order to implement the recommendations of VI Pay Commission.

Re.: FDRs held in lien

The Committee_ is in agreement with the school that CBSE has lien over FDRs of the sum of Rs. 5,04,072 and ought not to be considered as sum available to the school as on 31/03/2008. However, their exclusion would not affect the final determination as the Committee has already held that the funds available with the school as on 31/03/2008 would be taken as NIL.

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For Secretary



Re.: Accrued Liability towards gratuity

The school has submitted that it had a liability of approximately Rs. 1.10 crores towards gratuity which has not been factored in by the Committee. In support of its contention, the school has filed copies of the group gratuity policy taken by it from Life Insurance Corporation of India. Under this policy, the liability for payment of gratuity to the employees has been taken over by the LIC subject to annual contributions towards the gratuity fund paid by the school which are worked out every year by the LIC depending upon the length of service and salary to the staff. However, to cover the liability for past service of the employees at the time when policy is taken, a lump sum amount is payable by the school. Hence, in respect of gratuity, the only liability of the school is to pay the lump sum for past service and to pay the annual contribution. As per the documents filed by the school, the total liability of the school in respect of the gratuity policy was Rs. 82,34,882 as on 20/12/2007. In partial discharge of this liability, the school made a total payment of Rs. 10,25,000 on 25/02/2008, 17/03/2008 and 28/03/2008. Hence the liability as on 31/03/2008 was Rs. 72,09,882. This liability would only exacerbate the negative fund position as on 31/03/2008. This liability cannot be taken into consideration as it shows that the school had been creating fixed assets while neglecting its current liabilities. Had this liability been taken care of, which the school should have done first before making any investment in fixed assets, this position would not have

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For Secretary



arisen. The school was expected to meet its current expenditure and liabilities out of its fees and invest in fixed assets only out of its savings, if any.

The outstanding liability on its gratuity policy as on 30/07/2010 as intimated by the LIC was Rs. 1,01,96,358. Out of this, a sum of Rs. 72,09,882 represented the school's liability upto 31/03/2008 as discussed above. Hence the only incremental liability of gratuity amounting to **Rs. 29,86,476** is required to be considered while determining the justification for fee hike consequent to the order dated 11/02/2009 of the Director of Education.

Re.: Accrued Liability leave encashment

The school has filed details of its accrued liability for leave encashment as on 31/12/2007 and 31/12/2009. As per the said details, the liability of the school on this account was Rs. 42,55,302 as on 31/12/2007 and Rs. 72,57,236 as on 31/12/2009. The reasons stated above in respect of the gratuity liability shall equally apply to the liability for leave encashment also. Therefore, only the incremental liability of **Rs. 30,01,934** is required to be considered under this head.

Re.: Reserve for future contingencies.

The school has not made any specific claim regarding maintaining any reserve for future contingencies but has only made a general submission that a further fee hike should be allowed to the

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For Secretary



school to the tune of 40% to 50% to cushion the burden of 7th Pay Commission which would be due in the next two three years. The Committee is not inclined to accept the contention of the school that fee hike over and above that required for implementation of VI Pay Commission should be allowed to the school to create a reserve for implementation of 7th Pay Commission. However, the Committee has taken a view in the case of other schools that a sum equivalent to four months salary should be allowed to be retained by the schools out of its available funds for meeting any future contingencies. But, as discussed above, the school did not have any available funds as on 31/03/2008, having used them for creation of fixed assets, the Committee cannot recommend any fee hike for creating a buffer for future contingencies. However, if in the final determination, a case for refund of fee emerges, the Committee will keep in view the requirement of the school for maintenance of reserve for future contingencies.

Re.: Discrepancy in the figure of arrears salary.

The school has contended that in the preliminary calculation sheet prepared by the CAs attached with the Committee, the amount of arrear salary has been taken to be Rs. 1,07,33,490 whereas actually it was Rs. 2,18,34,450. On going through the working notes of the CAs, the Committee has observed that the CAs had excluded the amount of Rs. 1,11,00,963 from the total arrears for the period 01/01/2006 to 28/02/2009 for the reason that they had not been

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For  Secretary



paid to the staff. The Committee is of the view that the full amount of arrears, whether paid or outstanding, are required to be considered to assess the requirement of funds for implementation of VI Pay Commission. Hence, in the final determination, the Committee shall take the arrear salary as **Rs. 2,18,34,450.**

Re.: Discrepancy in the incremental salary for the period 01/04/2009 to 31/03/2010

The school has contended that the increased salary on account of implementation of VI Pay Commission for the period 01/04/2009 to 31/03/2010 was Rs. 1,45,47,125 , while the CAs had taken the same to be Rs. 1,31,95,800. It was contended that the CAs had extrapolated the monthly difference in salary for the pre implementation period and the post implementation period and had not taken into account the annual increment and increase in DA. The Committee is of the view that for working out the incremental salary for a full financial year, the best evidence is the duly audited Income & Expenditure account for the years 2008-09 and 2009-10 since that would reflect the actual payment and would factor in all the increments and increase in instalments of DA. The position that emerges from the Income & Expenditure accounts for the two years is as follows

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COMMITTEE
For Review of School Fee


Head of Expenditure	Amount 2008-09	Amount 2009-10	Increase in 2009-10
Establishment	3,28,53,198	4,46,45,526	1,17,92,328
Employer's contribution to PF	13,41,066	14,01,654	60,580
Total	3,41,94,264	4,60,47,180	1,18,52,916

As would be apparent from the above table, neither the figure of Rs. 1,31,95,800 taken by the CAs nor the figure of Rs. 1,45,47,125 relied upon by the school is correct. The Committee shall take the figure as **Rs. 1,18,52,916** in the final determination.

Re.: Discrepancy in arrear fee for the period 01/09/2008 to 31/03/2009

The school has contended that the arrear fee for the period 01/09/2008 to 31/03/2009 had been taken twice by the CAs attached with the Committee. It was submitted that the same was included in the figure of Rs. 1,27,67,470 which the school had intimated in its representation dated 27/01/2012. The Committee accepts the contention of the school. However the CAs cannot be faulted for this mistake as while intimating the amount of arrear fee collected by the school, it did not indicate the period to which they related. Hence in the final determination, the Committee shall take the figure of **Rs. 1,27,67,470** as the arrear fee recovered by the school for the period 01/01/2006 to 31/03/2009.

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For  Secretary



Re.: Incremental fee for the period 01/04/2009 to 31/03/2010

The school has contended that the increased fee for the financial year 2009-10 as a result of fee hike was Rs. 85,98,000 as against Rs. 97,85,400 taken in the preliminary calculations. This was primarily on account of certain students enjoying fee concessions due to being belonging to EWS category or wards of staff etc. The school has filed a detailed chart to buttress its contention, giving the monthly fee, total number of students and full fee paying students. The Committee notes that the information regarding the freeships and concessions was not available with the CAs and hence the discrepancy occurred. The Committee accepts the figure of **Rs. 85,98,000** given by the school and the same shall be considered in the final determination.

Determinations:**1. Tuition fee**

The funds available with the school as on 31/03/2008 are determined to be NIL as per the above discussion.

The total incremental fee recovered by the school for the purpose of implementation of VI Pay Commission was Rs. 2,13,65,470 as per the details below:

Arrear fee from 01/01/2006 to 31/03/2009	Rs. 1,27,67,470
Incremental fee from 01/04/2009 to 31/03/2010	Rs. 85,98,000
Total	Rs. 2,13,65,470

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For

 Secretary



As against this, the arrear and incremental salary on account of implementation of VI Pay Commission was Rs. 3,96,75,776 as per the following details.

Arrear salary from 01/01/2006 to 28/02/2009	Rs. 2,18,34,450
Incremental salary during 2009-10	Rs. 1,18,52,916
Additional liability on account of gratuity for the year 2008-09 and 2009-10	Rs. 29,86,476
Additional liability on account of leave encashment for the years 2008-09 and 2009-10	Rs. 30,01,934
Total	Rs. 3,96,75,776

Thus the school recovered a sum of Rs. 1,83,10,306 short of its requirements.

Development Fee

With regard to development fee, the school vide its written submissions dated 10/04/2013 submitted that it started charging development fee only from September 2008. The amount recovered on this count was Rs. 22,40,625 for the period September 2008 to March 2009, Rs. 87,14,640 for the period April 2009 to March 2010 and Rs. 76,26,955 for the period April 2010 to March 2011.

With regard to utilisation of development fund, the school submitted that the amount of Rs. 22,40,625 for September 2008 to March 2009 was kept in a separate bank account and was not utilised during that year. Out of the collection of Rs. 87,14,640 in 2009-10, the school treated a sum of Rs. 48,48,630 as revenue income to the extent of shortfall on account of salary and allowances and balance

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For Secretary



amount was treated as a capital receipt. Some amount was utilised for purchase of fixed assets while the remaining amount remained deposited in the separate bank account. The amount of Rs. 76,26,955 collected in the year 2010-11 was wholly treated as a revenue receipt as there was shortfall in the revenue account.

With regard to maintaining a depreciation reserve fund account, the school contended that the same is maintained only in the books of accounts of the school. However, no separate bank account or other earmarked investments were kept for the same and it was contended that there was no such requirement for maintaining them.

The Committee has bestowed its consideration to the submissions made by the school and is of the view that there was no justification for the school to collect the development fund for the following reasons:

- (a) Admittedly, the school was not charging any development fee till 31/08/2008. It introduced the development fee w.e.f. 01/09/2008 i.e. during the middle of academic session. The statement of fee filed by the school on 12/03/2008 before the start of session 2008-09 with the Directorate of Education, as per the requirements of section 17(3) of Delhi School Education Act did not include any development fee. Hence the levy of development fee could not be introduced in the midst of session without prior approval of the Director of Education as required under section 17(3). The order

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For Secretary



dated 11/02/2009 of the Director of Education allowing the schools to increase the fee w.e.f. 01/09/2008 was confined to increase in tuition fee only. Increase in development fee could be effected only as a consequence of increase in tuition fee as the development fee is charged as a percentage of tuition fee. When the development fee was not being charged by the school at all before 01/09/2008, the same could not be charged w.e.f. 01/09/2008 and no arrears thereof could be recovered. **Hence the Committee is of the view that the recovery of arrears of development fee for the period 01/09/2008 to 31/03/2009 amounting to Rs. 22,40,625 was irregular.**

- (b) With regard to development fee collected by the school in 2009-10 and 2010-11, the Committee is of the view that the school was not complying with the pre conditions laid down by the Duggal Committee, in as much as the development fee came to be utilised for meeting the revenue shortfall and the depreciation reserve fund was not maintained. As per the pre conditions prescribed by the Duggal Committee, the school ought to have treated the development fee as a capital receipt and utilised the same for purchase or upgradation of furniture, fixtures and equipments only. Moreover, the school ought to have maintained a depreciation reserve fund, not merely in its books, as it is contended by the school, but in real funds. In this regard, it is necessary to refer to the

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For Secretary



recommendation of Duggal Committee regarding maintenance of separate fund accounts.

At page 68 of the Duggal Committee report, it is observed as follows:

*"6.26 The Committee observes that next to transferring a part of its revenue income, to various funds/reserves even prior to determining surplus/deficit, **charging of depreciation provided the most convenient and widely used tool for the schools to covertly understate the surplus. Of the 142 schools studied, over a 100 schools have resorted to charging depreciation as an item of expenditure, without simultaneously setting up any Depreciation Reserve Fund for replacing the depreciated assets at the appropriate time. It tentamounts to creating 'Secret Reserves' by the schools- a purely commercial practice. The Committee, however, takes note of the fact that in some of these cases the reserves had been utilized to create other Assets.***

6.27 In the context of charging of depreciation, the following observation of the Hon'ble Supreme Court in the case of Safdurjung Enclave Education Society vs. MCD as reported in (1992) 03 Supreme Court cases 390 in Civil Appeal no. 228/90 is very pertinent.

" Depreciation is not an expenditure, but is only a deduction @ certain percentage of the capital assets for arriving profit and gains of the business".

6.28 Instances also came to the notice of the Committee where assets not owned by the schools too had been depreciated and an equivalent amount transferred to the parent society. In an extreme case, a school paid a license fee for use of building to the Society and also contributed to the Society towards the building fund and charged depreciation which in turn was remitted to the society."

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For  Secretary



With this contextual back ground, the Duggal Committee made recommendations in paragraphs 7.21 and 7.22 which read as follows:

“7.21 Provided a school is maintaining a depreciation reserve fund equivalent to depreciation charged in the revenue accounts, schools could also levy, in addition to the above four categories, a Development fee annually, as a capital receipt not exceeding 10% of the total annual tuition fee for supplementing the resources for purchase, upgradation and replacement of furnitures, fixtures and equipment. At present these are widely neglected items, notwithstanding the fact that a large number of schools were levying charges under the head ‘Development Fund’.

7.22. Being capital receipts, these should form a part of the Capital Account of the school. The collection in this head along with any income generated from the investment made out of this fund should however, be kept in a separate Development Fund Account with the balance in the fund carried forward from year to year.

7.23 In suggesting rationalization of the fee structure with the above components, the committee has been guided by the twin objectives of ensuring that while on the one hand the schools do not get starved of funds for meeting their legitimate needs, on the other, that there is no undue or avoidable burden on the parents as a result of schools indulging in any commercialization.

7.24 Simultaneously, it is also to be ensured that the schools, do not discharge any of the functions, which rightly fall in the domain of the Society out of the fee and other charges collected from the students; or where the parents are made to bear, even in part, the financial burden for the creation of the facilities including building, on a land which had been given to the Society at concessional rate for carrying out a “philanthropic” activity. One only wonders what then is the contribution of the society that professes to run the school.

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Secretary



As a follow up to the recommendations of the Duggal Committee, the Director of Education issued an order dated 15/12/1999 giving certain directions to the schools. Direction no. 7 is extracted below for facility of reference:

"7. *Development fee, not exceeding 10% of the total annual 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 depreciation charged in the revenue accounts and the collection under this head along with any income generated from the investment made out of this fund, will be kept in a separately maintained development fund account.*"

The recommendations of the Duggal Committee and the aforesaid direction no. 7 of the order dated 15/12/1999 issued by the Director of Education were considered by the Hon'ble Supreme Court in the case of **Modern School vs. Union of India and ors. reported as (2004) 5 SCC 583**. One of the points that arose for determination by the Hon'ble Supreme Court was:

"Whether managements of Recognized unaided schools are entitled to set-up a Development Fund Account under the provisions of the Delhi School Education Act, 1973?"

The Hon'ble Supreme Court while upholding the recommendations of the Duggal Committee and the aforesaid direction of the Director of Education observed as follows:

"24. The third point which arises for determination is whether the managements of Recognized unaided schools are entitled to set up a Development Fund Account?"

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For 
Secretary



25. In our view, on account of increased cost due to inflation, the management is entitled to create Development Fund Account. For creating such development fund, the management is required to collect development fees. In the present case, pursuant to the recommendation of Duggal Committee, development fees could be levied at the rate not exceeding 10% to 15% of total annual tuition fee. Direction no.7 further states that development fees not exceeding 10% to 15% of total annual tuition fee shall be charged for supplementing the resources for purchase, upgradation and replacement of furniture, fixtures and equipments. It further states that development fees shall be treated as Capital Receipt and shall be collected only if the school maintains a depreciation reserve fund. In our view, direction no.7 is appropriate. If one goes through the report of Duggal Committee, one finds absence of non-creation of specified earmarked fund. On going through the report of Duggal Committee, one finds further that depreciation has been charged without creating a corresponding fund. Therefore, direction no.7 seeks to introduce a proper accounting practice to be followed by non-business organizations/not-for-profit organization. With this correct practice being introduced, development fees for supplementing the resources for purchase, upgradation and replacements of furniture and fixtures and equipments is justified. Taking into account the cost of inflation between 15th December, 1999 and 31st December, 2003 we are of the view that the management of recognized unaided schools should be permitted to charge development fee not exceeding 15% of the total annual tuition fee.

As would be evident from the recommendations of the Duggal Committee and the aforesaid observations of the Hon'ble Supreme Court, there is no room for any doubt that separate fund accounts are required to be maintained for development fee and depreciation reserve. Even the income generated from investments made out of these funds are required to be credited to such fund accounts.

The contention of the school that there is no requirement for maintaining a separate bank account and maintenance of separate accounts in the books of the school would suffice for the purpose, is

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For  Secretary



ex facie untenable. A fund is created not by making entries in the books of accounts of the entity but by setting apart funds earmarked for a particular purpose. Such earmarking would involve maintenance of separate bank accounts in the first place and investment in FDRs or earmarked securities out of such funds as a logical next step.

The Committee is therefore of the view that since the pre conditions laid down by the Duggal Committee as affirmed by the Hon'ble Supreme Court, were not fulfilled, the charge for development fee was not justified.

Recommendations:

In view of the fact that the school was in deficit so far as recovery of additional tuition fee vis a vis the additional expenditure on account of implementation of VI Pay Commission but at the same time, the school recovered development fee in an irregular manner and used the same to meet its revenue shortfalls arising mainly on account of implementation of VI Pay Commission, the Committee is of the view that the request of the school for allowing any fee hike over and above the hike effected by it in terms of order dated 11/02/2009 of the Director of Education, cannot be accepted as the deficit in tuition fee is almost offset by the irregular recovery of development fee as would be clear from the following table.

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For Secretary



Deficit in tuition fee		1,83,10,306
(a)Development fee for 2008-09 (arrears)	22,40,625	
(b)Development fee for 2009-10	87,14,640	
(c) Development fee for 2010-11	<u>76,26,955</u>	1,85,82,220

In the circumstances, the Committee is recommending the setoff of illegally recovered development fee for the years 2008-09 to 2010-11 as a set off against the deficit in recovery of tuition fee with a view to obviating the necessity of first refunding that fee and then recovering almost the same amount by way of additional fee to make good the deficiency. Recommended accordingly.

Sd/-

CA J.S. Kochar
Member

Sd/-

Dr. R.K.Sharma
Member


Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 24/08/2013

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 JUSTICE
ANIL DEV SINGH
COMMITTEE
For Review of School Fee

A.S.N. Sr. Sec. Public School, Mayur Vihar-I, Delhi-110091

The school under cover of its letter dated 31/01/2012 filed copies of returns under Rule 180, copies of fee statements, details of salary paid to staff before implementation of VI Pay Commission Report and after its implementation and details of arrears paid on account of retrospective effect of VI Pay Commission, statement of extent of fee increase and charging of arrears of fee in terms of order dated 11/02/2009 of the Director of Education. As the school had admittedly increased the fee in terms of the aforesaid order dated 11/02/2009 and also claimed to have implemented the VI Pay Commission Report, the school was placed in category B.

Preliminary examination of the financials of the school was carried out by the Chartered Accountants (CAs) detailed with this Committee. As the school claimed to have increased the tuition fee w.e.f. 01/09/2008, the balance sheet of the school as on 31/03/2008 was taken as the basis for calculation of the funds available with the school for the purpose of implementation of the VI Pay Commission Report. As per the preliminary calculations made by the CAs, the funds available with the school as on 31/03/2008 were to the tune of **Rs.14,73,180**. The arrears of VI Pay Commission paid to the staff were **Rs.1,78,03,474**. The additional burden on account of increased salary due to implementation of VI Pay Commission from 01/09/2008 to 31/03/2010 was **Rs.1,62,59,673**. The arrear fee recovered by the



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school for the period 01/01/2006 to 31/03/2009 amounted to **Rs. 2,05,29,511** and the incremental revenue on account of increased fee for the year 2009-10 was **Rs. 1,36,06,800**. The school was, therefore, served with a notice dated 26/12/2012 for providing it an opportunity of hearing on 21/01/2013. However, due to certain exigencies, the meeting of the Committee scheduled for 21/01/2013 was cancelled and the school was given a fresh notice of hearing for 07/02/2013.

On the date fixed for hearing, Sh. Rajeev Nayan Luthra, Manager of the school appeared with Sh. R.G. Luthra, Chartered Accountant. They were provided with a copy of the preliminary calculations prepared by the CAs attached with the Committee and were partly heard by the Committee on such calculations. They requested that some time be provided to them for making submissions with regard to the preliminary calculations. Accordingly the hearing was adjourned to 28/02/2013. As the school was found to be charging development fee also, the representatives of the school were also requested to specifically respond to the following queries posed by the Committee:

- (a) How development fee was treated in the accounts of the school?
- (b) How development fee was utilised?
- (c) Whether separate development fund and depreciation reserve fund accounts were maintained?



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On 28/02/2013, the aforesaid representatives of the school again appeared and filed written submissions dated 28/02/2013 and also made oral submissions.

Submissions

Vide written submissions dated 28/02/2013, the school contended as follows:-

- (a) The order dated 11/02/2009 issued by the Director of Education imposed an unreasonable and unlawful ceiling. The judgment of the Hon'ble Delhi High Court in CWP No. 8147 / 2009, 10801/2009 as pronounced on 12/08/2011 was cited in support of this proposition.
- (b) The calculation sheet prepared by the CAs attached with the Committee have wrongly shown the arrears recovered from the school as Rs. 2,05,29,511. In fact the school had utilised reserves designated for other purposes viz. the depreciation reserve fund (Rs. 33,15,333) and school general fund (Rs. 6,63,415), totaling Rs. 39,78,748. The actual amount of arrears recovered by the school was Rs. 1,64,15,615.
- (c) The note number (iii) to the calculation sheet claims payment of 100% salary arrears out of arrears collected. However, in reality the 100% arrears collected i.e. Rs. 1,64,15,615 supplemented by the funds arranged by the school from other sources (Rs. 41,13,896) have been utilised to pay off the salary arrears amounting to Rs. 2,05,29,511. This was against Rs.



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2,49,88,388 which was the total liability of arrears. The calculation of funds requirement should have included the unpaid arrears of Rs. 44,58,877.

- (d) The calculation of availability of funds as on 31/03/2008 ought to have taken into consideration, the liability of Rs. 9,07,325 which the school owed to the parent society i.e. Sanatan Dharam Adarsh Shiksha Sansthan as the amount was temporarily borrowed by the school to meet short term paucity of funds from time to time. This amount had been duly paid back in January 2009.
- (e) If a correct computation of funds available as on 31/03/2008 is made, it would show a surplus of just Rs. 5,65,855 which is highly inadequate for the requirement of working capital of the school which involved transactions of around Rs. 5.00 crores annually.
- (f) The total increase in tuition fee for financial year 2009-10 was Rs. 1,25,69,400 and not Rs. 1,36,06,800 as projected in the calculation sheet. The difference was on account of fee concessions to students of EWS category.
- (g) The Committee ought to consider the financial position of the school as on 11/02/2009 when the aforesaid order of the Director of Education was issued and if that is taken into consideration, the net current assets as on that date would be in the negative. The school filed a provisional balance sheet compiled as on 11/02/2009 in support of its contention.



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(h) In actual fact, the school had a deficiency to the tune of Rs. 34,54,045 as on 11/02/2009, which got accentuated by another Rs. 85,72,773 on account of excess of salary arrears over the fee arrears. Thus the total shortfall upto the stage of payment of arrears was Rs. 1,20,26,818.

(i) There was also a deficit of Rs. 9,64,236 on account of lesser revenue generated due to inadequate incremental fee collected in 2009-10. As against the increased salary burden of Rs. 1,35,33,636, the incremental revenue on account of increased fee was Rs. 1,25,69,400.

(j) Since no further fee hike was allowed to the school during 2009-10, the Committee should also take into account the incremental expenditure during 2009-10 otherwise than on account of implementation of VI Pay Commission.

(k) Thus the total deficit as per sub paras (h) & (i) above was Rs. 1,29,91,054 on account of which the school prays that it be allowed to recover additionally over and above the fee hike allowed by the order dated 11/02/2009 of the Director of Education.

The submissions made by the school regarding development fee in response to the queries posed by the Committee would be discussed when we take up the issue of development fee.



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Discussion

Re.: Whether the school is entitled to make out a case that it should have been allowed a higher fee hike.

It is undisputed that if the school makes out a case that the fee hike permitted by the Director of Education vide order dated 11/02/2009 was not sufficient to fully compensate it for the additional liability that befell on account of implementation of VI Pay Commission, after considering the funds already available in its kitty, the school can ask for permission to hike the fee over and above the hike permitted by the Director of Education. This is clearly laid down in the judgment of the Hon'ble Delhi High Court in WP(C) 7777 of 2009 dated 12/08/2011.

Re.: Whether the audited balance sheet as on 31/03/2008 should be taken as the basis for determining the funds available or the provisional unaudited balance sheet as on 11/02/2009.


The Committee has considered this issue and is of the view that the audited balance sheet as on 31/03/2008 would be a more reliable indicator of the funds available with the school for the purpose of implementation of VI Pay Commission Report for the following reasons:

- (i) The audited balance sheet as on 31/03/2008 had already been prepared without the knowledge on part of the school about the



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impending VI Pay Commission report and the orders of the Directorate of Education regarding fee hike and the subsequent judgment of Delhi High Court setting out the parameters on which such hike was to be tested. Therefore there was no room for manipulation/fanciful presentation of the figures. On the other hand, the provisional balance sheet as on 11/02/2009 was presented by the school during the course of hearing after becoming wiser of the aforesaid orders and the judgment.

- (ii) The provisional balance sheet as on 11/02/2009 is not audited and as such does not inspire confidence.
- (iii) Perusal of the provisional balance sheet as on 11/02/2009 shows that between 01/04/2008 and 11/02/2009, the school had spent around Rs. 37.58 lacs on acquiring four buses. The total expenditure on fixed assets acquired during this period was Rs. 1.36 crores. After incurring such capital expenditure, the school was claiming a shortfall of Rs. 34.54 lacs. The predicament is self created by the school. When the VI Pay Commission report had already been announced and the school very well knew that in consonance with the mandatory provisions of section 10 of Delhi School Education Act 1973 it would have to implement the VI Pay Commission Report, a question arises as to why it incurred such a huge capital expenditure. In view of the impending expenditure on increased salaries, the school should have preserved its funds rather than incurring capital expenditure. It would not be out of place



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to mention here that even though Rule 177 of Delhi School Education Rules 1973 permits the incidental or accidental savings to be spent for meeting certain capital expenditures, such expenditures have to come out of 'savings' which are to be calculated after meeting the pay allowances and other benefits admissible to the employees of the school. Hence, the pay and allowances payable to the employees are a first charge on the resources of the school and only if some 'savings' remain after meeting such expenses, the school can incur certain capital expenditure. What the school did was that it exhausted its resources by incurring capital expenditure and is now claiming that it be allowed to recover the deficit resulting due to its capital expenditure out of the fee which was to be raised specifically for the purpose of payment of increased salaries to the staff on account of implementation of VI Pay Commission. Even the balance sheet as on 31/03/2008 is not indicative of the actual resources available with the school as the school is showing accumulated losses of Rs. 52,64,606 as against the balance in the development fund of Rs. 3,02,83,816, indicating utilization of development fee for routine revenue expenses without transferring the corresponding amount to the Income & Expenditure account. Such a treatment would have fallen foul of the law laid down by the Hon'ble Supreme Court in the case of Modern School Vs. Union of India & Ors. (2004) 5 SCC 583 and in order to avoid this situation, the school resorted to



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A handwritten signature in black ink, appearing to be "AM", written over the word "Secretary".
Secretary

fanciful accounting. The school is also not transferring the utilised portion of development fund to the general fund resulting in manifestation of balance in development fund in order to show the FDRs it is holding as earmarked funds. Hence, though the Committee is of the view that even the balance sheet as on 31/03/2008 may not show the true position of funds available with the school. However, in view of the non-availability of any better alternative, the Committee is working out the funds available with reference to the balance sheet as on 31/03/2008 as the Committee has no wherewithal to delve into the past balance sheets since when the school started diverting its funds to creation of fixed assets rather than first meeting its revenue expenditure. Hence the contention of the school that the deficit of Rs. 34,54,045 as on 11/02/2009 be considered by the Committee for recoupment out of the fee hike allowed for implementation of VI Pay Commission is rejected.

Re.: Discrepancies in the preliminary calculation sheet

The Committee is of the view that there should be no discrepancy in the figures taken by it to arrive at the conclusion regarding justifiability of fee hike and all the concerns of the school need to be addressed. Hence, the Committee would consider each and every figure disputed by the school.



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Secretary

The first figure i.e. relevant for the calculations is the funds available with the school as on 31/03/2008 which the school ought to have first used for payment of increased salary before hiking any fee. The CAs detailed with the Committee had worked out the funds available to be Rs. 14,73,180. The school has not disputed this figure except claiming that a sum of Rs. 9,07,325 which it owed to Sanatan Dharam Adarsh Shiksha Sansthan should have been reduced as it was temporary loan which had been subsequently paid off. The school vide its submission dated 01/03/2013 filed copies of bank account of the school and the society showing the transaction of repayment of loan on 31/01/2009. The Committee is of the view that the contention of the school is well founded and the amount should be reduced from the figure worked out by the CAs. After reducing this figure, the funds available with the school as on 01/04/2008 were **Rs. 5,65,855**. This figure would be taken into account while making the final determination.

The next relevant figure is the amount of arrears arising due to implementation of VI Pay Commission with retrospective effect. As against the figure of Rs. 1,78,03,474 taken by the CAs attached with the Committee, the school contends that the correct figure is Rs. 2,49,88,388. Thus it is claimed that the CAs had taken a figure which is Rs. 71,84,914 short of the correct figure. On perusal of the working sheet of the CAs, the Committee observes that basically the difference is of Rs. 44,58,877. The remaining amount of 27,26,037 has been



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taken by the CAs in the incremental salary for the period 01/09/2008 to 31/01/2009. The CAs have taken the figure of arrears which the school has actually paid. The balance arrears of Rs. 44,58,877 had admittedly, not been paid by the school and hence had been omitted by the CAs. During the course of hearing, it was contended that the school had all intentions to pay the arrears but the same could not be paid due to shortage of funds. The balance sheet of the school as on 31/03/2011 was not on record but the same was provided by the school during the course of hearing. On perusal of the same, the Committee finds that the school has provided for this liability in the balance sheet and this fortifies the contention of the school that it intends to pay the arrears. Therefore, in the final determination, the arrears salary will be taken at **Rs. 2,49,88,388.**

The next figure which is relevant for the determination is the incremental salary for the year 2009-10 on account of the implementation of VI Pay Commission. There is no dispute between the figures taken by the CAs attached with the Committee and the school which accepts the figure of **Rs. 1,35,33,636.** Hence the same will be factored in while making the final determination.

Next comes the figure of arrear fee collected by the school for the period 01/01/2006 to 31/03/2009. The school contends that the actual collection of arrear fee was Rs. 1,64,15,615 as against the figure of Rs. 2,05,29,511 taken by the CAs. On perusal of the working sheet of the CAs, the Committee observes that the figure of



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For  Secretary

Rs. 2,05,29,511 was taken from the statement of schedule of arrears (collected & disbursed) filed by the school. However, on scrutiny of this statement, it is apparent that the school had also included a sum of Rs. 1,35,148 representing interest on FDRs presumably made to temporarily park the arrear fee of Rs. 33,15,333 which was transferred from depreciation reserve fund and Rs. 6,63,415 which was transferred from the general fund of the school. These items are obviously not arrear fees and ought to be excluded. On such exclusion, the figure of arrear fee received by the school comes to Rs. 1,64,15,615 which corresponds with the figure given by the school in its written submissions. Hence the contention of the school on this ground is accepted and the figure of **Rs. 1,64,15,615** will be taken as the arrear fee recovered in the final determination.

The final figure that is relevant for the determination of issue is the incremental fee for the year 2009-10 as a result of the fee hike effected by the school. The CAs had taken the figure at Rs. 1,36,06,800 while the school contends that the correct figure is Rs. 1,25,69,400. The difference could be on account of the concessions allowed by the school to students of EWS category, which information was not available with the CAs. The Committee accepts the figure of **Rs. 1,25,69,400** being the incremental fee in 2009-10 and the same will be taken into account in the final determination.



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Re.: Whether the incremental salary in 2009-10 on account of annual increment and increase in DA ought to be considered while working out the additional burden on account of salary.

The Committee is of the view that since the order dated 11/02/2009 of the Director of Education did not permit any further increase in fee in the year 2009-10 apart from the increase permitted for implementation of VI Pay Commission Report, the additional expenditure on salary on account of the increments and additional DA paid in 2009-10 ought to be taken into account. The school has neither given any figures as to what was the incremental expenditure on account of annual increments and DA hikes in the year 2009-10 nor has claimed any such expenditure in its own calculation sheet i.e. Annexure-VI to its written submissions dated 28/02/2013. Hence the Committee is unable to determine the amount on this account.


Determination

Tuition Fee

In view of the foregoing discussion, the following determinations are made with regard to tuition fee:



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Particulars		Amount
Funds available as on 01/04/2008		5,65,855
Arrear fee recovered for the period 01/01/2006 to 31/03/2009	1,64,15,615	
Incremental fee for the year 2009-10	<u>1,25,69,400</u>	<u>2,89,85,015</u>
Total		2,95,50,870
Arrear salary for the period 01/01/2006 to 31/03/2009	2,49,88,388	
Incremental salary for the year 2009-10 on account of VI Pay Commission	<u>1,35,33,636</u>	<u>3,85,22,024</u>
Net short fall		89,71,154

As would be apparent from the above, the school had net short fall of Rs. 89,71,154 after providing for the liability of VI Pay Commission and after accounting for the additional fee in terms of order dated 11/02/2009 of the Director of Education. As contended by the school, the shortfall was met by exhausting even its depreciation reserve fund. The school did not even have any cushion for future contingencies. In normal course, the school ought to have retained a sum equivalent to four months salary for future contingencies which works out to **Rs. 1,41,03,728**. These determinations will be taken into account while making the final recommendations.

Development fee

The school, vide written submissions dated 28/02/2013 and 01/03/2013, contended that the development fund received from the



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students is treated as a capital receipt. With regard to the past three years i.e. 2006-07 to 2008-09, the school has given figures of the receipts and expenditure out of development fund. It is further contended that the a separate development fund is maintained in the bank being account No. 20372196158 with Allahabad Bank. It has further been submitted that the school is maintaining a separate bank account for depreciation reserve fund also being account No. 50049691294 with Allahabad Bank.

In order to ascertain whether the school was compliant with the pre conditions for charging development fee as prescribed by the Duggal Committee and affirmed by the Hon'ble Supreme Court in the case of Modern School vs. Union of India (2004) 5 SCC 583, the Committee examined the balance sheet of the school and observed that the school had made some adjustment entries in the development fund and depreciation reserve fund accounts in its balance sheet as on 31/03/2011. While finalizing the recommendations in respect of the school, the Committee felt that these adjustments needed to be clarified and for this purpose a letter dated 13/06/2013 was addressed to the school, requiring it to explain such adjustments. The school filed its reply dated 06/07/2013 in which it explained that while the development fund received by the school in the past had been utilised every year, the corresponding amount of utilisation was not transferred from the development fund to general fund. During 2010-11, the school worked out the aggregate utilisation of



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development fund upto 31/03/2011 and transferred the same to the general fund so as to reflect only the unutilised development fund in the balance sheet. The unutilised development fund as on 31/03/2011 was Rs. 20,551. With regard to depreciation reserve fund, the school conceded in its letter dated 06/07/2013 that the same had been exhausted in payment of increased salary and arrears on account implementation of VI Pay Commission Report. A meager amount of Rs. 5,017 remained in the depreciation reserve fund. A detail of development fee received and utilised year wise was also filed. As per the details, the following picture emerges:

Year	Development fee received	Development fee utilised	Remarks
2006-07	59,27,778	47,70,628	Rs. 2,77,538 utilised for unapproved purposes
2007-08	69,65,114	67,15,692	
2008-09	87,38,090	1,01,04,387	
2009-10	1,02,59,995	1,00,33,815	Rs. 66,26,432 utilised for unapproved purposes
2010-11	1,11,56,885	1,14,16,353	Rs. 19,75,040 utilised for unapproved purposes.

A fresh hearing was also provided to the school in order to provide it an opportunity of explaining such adjustments. Sh. Rajiv Nayan Luthra, Manager appeared along with Sh. R.G. Luthra Chartered Accountant. The representatives of the school reiterated the submissions made in its letter dated 06/07/2013.



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The Committee is of the view that the school initially complied with the pre conditions laid down by the Duggal Committee for recovery of development fee by maintaining separate development fund and depreciation reserve fund accounts. However, later by the subsequent act of the school, it utilized the depreciation reserve fund for payment of increased salary on account of implementation of VI Pay Commission Report. The development fee received in 2009-10 and 2010-11 was to a large extent utilised for unapproved purposes like building renovation, lawn tennis courts, huts, caves and sheds, rain water harvester well and for meeting certain revenue expenditure. But these are not items for which development fund can be utilised. The development fund can be used only for purchase or upgradation of furniture, fixture or equipments. Hence, the development fee received by the school in 2009-10 and 2010-11 needs to be aggregated with the increased tuition fee in terms of order dated 11/02/2009 of the Director of Education and if after such aggregation, the deficiency still remains, the school would be entitled to hike the fee by a further amount. In case, such aggregate amount is more than the deficiency, the excess would be on account of development fee which has not been utilised for the purpose for which it was charged i.e. purchase or upgradation of furniture & fixture and equipments.

As determined hereinfore, the school had a deficiency after implementation of VI Pay Commission Report to the tune of Rs. 89,71,154 after considering the hiked tuition fee only. The



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A handwritten signature in black ink, appearing to be "M. N. Singh".
Secretary

development fee recovered by the school in 2009-10 and 2010-11 was Rs. 1,02,59,995 and Rs. 1,11,56,885 respectively. Hence the aggregate development fee in 2009-10 and 2010-11 was Rs. 2,14,16,880. After meeting the deficiency of Rs. 89,71,154, the school had a surplus of Rs. 1,24,45,726. The Committee has determined that the school ought to maintain a reserve of Rs. 1,41,03,728 for meeting any future contingencies. Since the surplus available with the school was almost equal to the funds which the Committee has determined was the requirement of the school for keeping reserves for future contingencies, the Committee is of the view that the school neither needs to refund any fee nor is it entitled to any increase in fee as claimed by it over and above the fee hike allowed to it by the order dated 11/02/2009 issued by the Director of Education.

Sd/-

Dr. R.K. Sharma
Member

Sd/-

CA J.S. Kochar
Member

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson

Dated: 23/07/2013



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Secretary

Kanhaiya Public School, West Karawal Nagar, Delhi – 110 094

The school had not replied to the questionnaire sent by the Committee on 27.02.2012. However, the returns of the school under rule 180 of the Delhi School Education Rules, 1973 were received from the Office of the Deputy Director of Education, North East District. On preliminary examination of the records, it appeared that the school had neither hiked the fee, nor implemented the 6th Pay Commission. Accordingly, it was placed in Category 'C'.

In order to verify the returns of the school, it was directed vide notice dt.05.06.2012, to produce its fee and salary records and also to submit reply to the questionnaire on 22.06.2012. Nobody appeared on the scheduled date.

The school was again directed, vide notice dt.10.07.2012 to appear for the verification of the records on 19.07.2012. On this date, Shri Akbar Singh Tomar, Vice-Principal of the School attended the Office of the Committee and produced the records. Reply to questionnaire was also filed. As per the reply, the school claimed to have implemented the report of 6th Pay Commission w.e.f. December, 2010 but had not increased the fee in accordance with the order dt.11.02.2009 of the Director of Education.



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The records produced by the school were examined by Shri A.D. Bhateja, Audit Officer of the Committee. He observed that the school did not hike the fee in 2009-10 and in 2010-11, the fee hike had been to the tune of 10%. He further noticed that the salaries to the staff were paid in cash, in spite of the school, having a bank account.

As the school claimed to have implemented the 6th Pay Commission w.e.f. December, 2010, the Committee was of the opinion that the fee hike effected by the school in 2011-12 needed to be examined. Accordingly, the school was asked to file its annual returns for the year 2011-12. These were filed on 28-09-2012 when the records of the school for 2011-12 were also examined.

Shri A.D. Bateja, Audit Officer of the Committee examined the records produced. He observed that the school had implemented the 6th Pay Commission only partially, as basic pay and grade pay had been paid during 2010-11. However, the school had started payment of HRA and Travelling Allowances w.e.f. 2011-12; but, still Dearness Allowance had not been paid to the staff.

The Audit Officer also observed that the school had collected the examination fee at the rate of Rs.300 per annum from all the students that had not been reflected in the fee structures. The school had hiked fee in 2011-12 by Rs.35 to Rs.70 and annual charges by Rs.50 to Rs.120 which were within the range of 10%.



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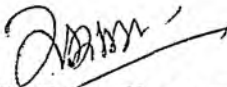
In order to provide an opportunity of hearing to the school, vide notice dated 25.04.2013, the school was directed to appear before the Committee on 23.05.2013 along with its fee and accounting records.

On 23.05.2013, the Vice-Principal of the School appeared along with Shri Vasu Dev Sharma. They were heard. The records were also examined.

The school representatives had contended that the school had nominally implemented the 6th Pay Commission by raising the basic salaries only w.e.f. December, 2010. The school did not raise any fee in 2009-10 and during 2010-11 the fee hike was by 10% only. No development fee had been charged by the school. On perusal of the bank statement of April, 2011; the Committee observed that all the salary cheques had been withdrawn in cash.

The Committee is of the view that the claim of the school of even partial implementation of the 6th Pay Commission is not correct. However, since there is hardly any hike in fee, no intervention would be necessary.

Recommended accordingly.


DR. R.K. Sharma
Member


J.S. Kochar
Member

Dated: 24.07.2013



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AS

Dev Public School, Hardev Puri, Shahdara, Delhi-110093

The returns of the school, under rule 180 of the Delhi School Education Rules, 1973 were received from the Office of District North-East of the Directorate of Education. The school had not submitted its reply to the questionnaire sent by the Committee by email on 27/02/2012. On prima facie examination of the returns, it appeared that the school had neither hiked the fee in terms of the order dated 11.02.2009 of the Director of Education, nor had implemented the recommendation of the 6th Pay Commission. Accordingly, the school was placed in Category 'C'.

In order to verify the returns, the school, vide letter of the Committee dated 19.06.2012, was directed to produce its fee and salary records and also to submit reply to the questionnaire on 26.07.2012. The letter was returned back undelivered, with the comments that, in-spite of several visits, the school was found locked. A second letter was sent on 03.07.2012. That was too returned with same comments by the postal authorities. On telephonic contact with the school, Sh. Praveen Shukla, member of the Society, running school attended the office of the committee on 24.09.2012. He was apprised of the earlier correspondences made by the committee with



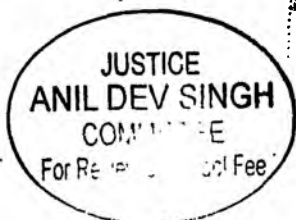
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the school. He had no satisfactory reply to the non-delivery of earlier letters. He was provided with a copy of the letter dated 03.07.2012 and asked to appear on 09.10.2012 for verification of the school records.

On the scheduled date, Sh. Praveen Shukla, appeared and produced the records of the school. Reply to the questionnaire was also filed. As per the reply, the school had neither hiked the fee in terms of the order dated 11.02.2009 of the Director of Education, nor implemented the recommendation of the 6th Pay Commission. The records produced were examined by Shri A.K. Bhalla, Audit Officer of the Committee. His observations were that the salary to the staff was paid, as per the pre-revised pay structure. The school had hiked the fee in 2009-10 in the range of 09.63 % to 13.32 %.

In order to provide an opportunity of hearing to the school, vide notice dated 25.04.2013, the school was directed to appear before the Committee on 31.05.2013, along with its fee and accounting records.

On the appointed date of hearing, Sh. Brij Kumar Shukla, Manager of the school, appeared before the committee. He was heard. He reiterated that the school had neither hiked the fee in terms of the order dated 11.02.2009 of the Director of Education, nor had implemented the recommendation of the 6th Pay Commission.



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The Committee has examined the returns of the school, reply to the questionnaire, the observations of the Audit Officer and the submission made by the school during the course of hearing. In view of the fact, that the fee hiked by the school in 2009-10 was around 10%, the Committee is of the view that no intervention is required in the matter of fee.

Recommended accordingly.

DRM

DR. R.K. Sharma
Member

Dated: 29-07-2013

J.S.
J.S. Kochhar
Member

*I agree with
the recommendations*
AZ
29/07/2013



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Dev Public School, East Rohtas Nagar, Shahdara, Delhi-32

The school had not replied to the questionnaire sent by the Committee to it on 27/02/2012. However, the returns of the school under rule 180 of the Delhi School Education Rules, 1973 (DSER) were received in the office of the committee, through Office of the Deputy Director of Education (District East).

On prima facie examination of the returns filed under Rule 180 of the Delhi School Education Rules, 1973, it appeared that the school had neither hiked the fee pursuant to the order dt.11.02.2009 of the Directorate of Education nor had implemented the 6th Pay Commission. Accordingly, it was placed in Category 'C'.

In order to verify the returns of the school, it was directed, vide notice dt.05.07.2012, to produce its fee and salary records and also to submit reply to the questionnaire on 13.07.2012.

Nobody appeared on the scheduled date for verification of the records by the office of the committee. On 18-07-2012, the Office of the Committee received a letter from the school requesting it to fix another date for the verification of the records. According to the request, the school was directed to appear on 01.08.2012.

Shri Adesh Kumar Sharma, Manager of the school appeared on 01.08.2012 and submitted reply to the questionnaire. The school, through the questionnaire, submitted that it had neither hiked the fee



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in accordance with the order dt.11.02.2009 of the Directorate of Education nor had implemented the 6th Pay Commission.

Shri N.S. Batra, Audit Officer of the Committee examined the records of the school. He had observed that the school had hiked fee for 2009-10 in the range of Rs.30/- to Rs.40/-, which was within the tolerance limit of 10%.

In order to provide an opportunity of hearing to the school, vide notice dated 26/04/2013, the school was directed to appear before the Committee on 17.05.2013, along with its fee and accounting records. On the appointed date of hearing, Shri Adesh Kumar Sharma, Manager of the school appeared before the Committee. He submitted that the school had not implemented 6th Pay Commission. The fee also had been hiked about Rs.30/- to Rs.40/- per month which was within the tolerable range of 10%. The school did not charge any development fee from the students.

The Committee has examined the returns of the school under Rule 180 of DSER, reply to the questionnaire dt.27.02.2012, and the observations of the audit officer. The Committee is of the view that as the fee hiked by the school was within the tolerance limit of 10%, no intervention is required in the matter. Recommended accordingly.

Sd/-

Justice Anil Dev Singh (Retd.)
Chairperson
Dated: 10.07.2013

Sd/-

Dr. R.K. Sharma
Member

Sd/-

J.S. Kochar
Member



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M.M.A. Public School, Old Mustafabad, Delhi - 110 094

The school had not replied to the questionnaire sent by the Committee on 27.02.2012. However, the returns of the school under rule 180 of the Delhi School Education Rules, 1973 were received from the Office of the Deputy Director of Education, North East District. On preliminary examination of the records, it appeared that the school had neither hiked the fee, nor implemented the 6th Pay Commission. Accordingly, it was placed in Category 'C'.

In order to verify the returns of the school, it was directed vide notice dt.24.07.2012, to produce its fee and salary records and also to submit reply to the questionnaire on 09.08.2012.

Shri M.M. Hussain, Manager of the school, appeared on the scheduled date. Reply to the questionnaire was also filed, in which it was stated that the school had neither implemented the 6th Pay Commission nor had hiked the fee. Also no arrear fee had been collected from the students.

The records produced by the school were examined by Shri A.K. Vijn, Audit Officer of the Committee. He observed that the school had not hiked the tuition fee and had also not implemented the report of the 6th Pay Commission. He further observed that the salary amount as mentioned in the salary registers for year 2008-09 and 2010-11 were not in agreement with the entries of the ledger of these years.



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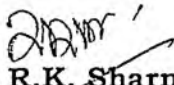
The school explained that the original records of the salary on the basis of which accounts were finalized were destroyed. However, it admitted that the 6th Pay Commission had not been implemented.

In order to provide an opportunity of hearing to the school, vide notice dated 26/04/2013, the school was directed to appear before the Committee on 23.05.2013, along with its fee and accounting records.

On the appointed date of hearing, Shri Mirza Mohd. Hussain, Manager of the school, appeared before the Committee. He had confirmed the observations as mentioned above, of the Audit Officer of the Committee. When confronted with the fact that the Auditors had not given the audit report, he contended that the school handed over all the records to the Auditors with the belief that the Audit Officers would give the Audit Report.

The Committee has examined the issue of the fee hike and observes that the school had not hiked the fee in terms of order dt.11.02.2009 issued by the Director of Education.

In view of the foregoing facts, the Committee is of the view that no intervention is required so far as the issue of fee is concerned. Recommended accordingly.


Dr. R.K. Sharma
Member


J.S. Kochhar
Member

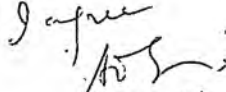
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Maulana Azad Public School, Chauhan Bangar, Delhi - 110 053

The returns filed by the school, under rule 180 of the Delhi School Education Rules, 1973 were received from the Office of District North-East of the Directorate of Education. The school had not submitted its reply to the questionnaire sent by the Committee on 27/02/2012. On prima facie examination of the returns, it appeared that the school had neither hiked the fee in terms of the order dated 11.02.2009 of the Director of Education, nor had implemented the recommendation of the 6th Pay Commission. Accordingly, the school was placed in Category 'C'.

In order to verify the returns, the school, vide letter dated 10.07.2012 of the Committee, was directed to produce its fee and salary records and also to submit reply to the questionnaire on 17.07.2012. However, none appeared nor any records were produced. A Second letter/reminder dated 06.08.2012 was issued to the school to appear and produce the records on 22.08.2012.



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Sh. Nadeem Farooq, Manager of the school, appeared and produced the records of the school. Reply to the questionnaire was also filed. As per the reply, the school had implemented the recommendations of the 6th Pay Commission w.e.f. January 2012. It also claimed that fee was not hiked in terms of the order dated 11.02.2009 of the Director of Education. The records, produced were examined by Shri A.D. Bhetaja, Audit Officer of the Committee. His observations were that the salary to the staff was paid in January, 2012, as per the revised pay structure recommended by the 6th.Pay Commission, but H.R.A. was not paid. Further, the school had hiked the fee in 2009-10 to the tune of 10%.

In order to provide an opportunity of hearing to the school, vide notice dated 26.04.2013, the school was directed to appear before the Committee on 31.05.2013, along with its fee and accounting records.

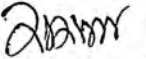
On the appointed date of hearing, Sh. Nadeem Farooq, Manager of the school, appeared before the committee. He was heard. During the course of hearing, he conceded that the reply to the questionnaire submitted on 22.08.2012 was not accurate. In actual fact, the school had not implemented the recommendation of the 6th Pay Commission but at the same time, the school had not hiked the fee in terms of the order dated 11-02-2009 issued by the Director of Education.




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The Committee has examined the returns of the school, reply to the questionnaire and considered the observations of the Audit Officer and the submission made by the school during the course of hearing. Although the school has not implemented the 6th Pay Commission report but in view of the fact that the fee hike was only to the tune of 10% in 2009-10 which we do not consider unreasonable, the Committee is of the view that no intervention is called for in the matter.

Recommended accordingly.


DR. R.K. Sharma
Member

Dated: 29-07-2013


J.S. Kochhar
Member

*I agree with the
recommendations
/s/ 29/07/2013*



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Vidyadeep Public School, Karawal. Delhi - 110 094

The school had not submitted its reply to the questionnaire sent by the Committee by email on 27/02/2012. However, the returns of the school under rule 180 of the Delhi School Education Rules, 1973 were received from the Office of Deputy Director, District North-East of the Directorate of Education. On prima facie examination of the returns, it appeared that the school had neither hiked the fee in terms of the order dated 11.02.2009 of the Directorate of Education nor had implemented the recommendation of the 6th Pay Commission. Accordingly, the school was placed in Category 'C'.

In order to verify the returns, the school, vide letter dated 16.07.2012 was directed to produce its fee, salary and accounting records and also to submit reply to the questionnaire, on 31.08.2012 which was prepared to 09-08-2012.

On scheduled date, the office of the committee received a letter dated 09.08.2012 from the school requesting for some more time to produce the records. Accordingly, vide letter dated 14.08.2012, the school was directed again to produce the records on 31.8.2012. On this date also nobody appeared. Subsequently, on 14-09-2012, Shri Ankur Chopra Manager of the school, appeared and produced the records of the school. Reply to the questionnaire was also filed, as per

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which the school had neither implemented the recommendation of the 6th Pay Commission nor had increased the fee in pursuance of order dated 11-02-2009 issued by the Director of Education. The records, produced were examined by Shri A.K. Bhalla, the Audit Officer of the Committee. His observations were that, the school had neither hiked fee in accordance with the order dated 11.02.2009 of the Director of Education nor had implemented 6th.Pay Commission report. The school raised the fee marginally in 2009-10 and 2010-11, in the range of 10% to 12 %. The school had not implemented the 6th Pay Commission Report. The school did not maintain any bank account. The Audit Officer had reported further, that Sh. Amit Gaur C.A. had audited the accounts of the school, but the name of the school did not have a mention in the list of schools, submitted by Sh. Amit Gaur, C.A., to the committee, which had been audited by him.

In order to provide an opportunity to present its case, notice of hearing dated 24/05/2013, was issued to the school with the directions to appear before the Committee on 06.06.2013.

On the date of hearing, Sh. Ankur Chopra, Manager of the school, appeared before the committee. It was contended by the Manager of the school that, the school had been operating on very low fee basis. It was also contended by the Manager of the school that school had neither hiked fee in accordance with the order dated 11.02.2009 of the Director of Education nor had implemented 6th.Pay Commission report. It was admitted that the salary to the staff was



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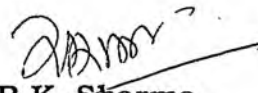
For 
Secretary

paid in cash. The school representative also submitted reply to the questionnaire on development fee. As per the reply, the school did not charge development fee. It was also contended that that audit report signed by Shri Amit Gaur, C.A., was genuine.

On examination of the records and submissions made by the school representatives, it is noticed that the school had marginally hiked the fee in the range of 10% to 12%, in 2009-10 and 2010-11. The school had not hiked the fee in accordance with the order dated 11.02.2009 of the Director of Education and had not implemented report of 6th.Pay Commission. The school had also not charged development fee from the students. The fee hiked by the school is considered tolerable by the Committee.

Therefore, the Committee is of the view that no intervention is required in the issue of fee hike.

Recommended accordingly.


DR. R.K. Sharma
Member


J.S. Kochar
Member

Dated:14/08/2013



I agree
14/08/2013
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For
Secretary

Daulat Ram Public School West Sagarpur.New Delhi-110046

The school had not submitted reply to the questionnaire sent by the Committee by email on 27/02/2012. However, the returns of the school under Rule 180 of the Delhi School Education Rules, 1973 were received from the Office of Dy. Director, District South West-B, of the Directorate of Education. On prima facie examination of the returns, it appeared that the school had neither hiked the fee in terms of the order dated 11.02.2009 of the Directorate of Education nor had implemented the recommendation of the 6th Pay Commission. Accordingly, the school was placed in Category 'C'.

In order to verify the returns, the school, vide letter of the Committee dated 13.07.2012, was directed to produce its fee and salary records and also to submit reply to the questionnaire on 24.07.2012.

On 24.07.2012 Manager of the school, submitted a letter requesting for 10 days time to submit records. The school was accordingly, directed to produce the record on 31.07.2012 for verification.

On the scheduled date, Sh. Naresh Girisa, Manager of the school, appeared and produced the records of the school. Reply to the questionnaire was also filed, as per which the school claimed to have implemented the recommendation of the 6th Pay Commission but had



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not increased the fee. It was further stated that neither any arrear fee had been collected from the students, nor any arrears of salary had been paid to the staff. The records, produced were examined by Shri N.S. Batra, Audit Officer of the Committee. His observations were that, the school had partially implemented the recommendation of the 6th Pay Commission as the school had not paid HRA and transport allowance. Even, DA had not been paid fully. The school had not hiked the fee in accordance with the order dated 11.02.2009 of the Director of Education. The hike in fee was marginal in 2009-10 i.e. within 10%. The Audit Officer also noticed some discrepancies in the books of accounts. On 19.10.2012, Sh. Naresh Girisha appeared before the Audit Officer and explained the discrepancies. The Audit Officer observed that, there was a nominal increase in salary bills on the purported implementation of 6th Pay Commission report. The school discontinued payment of HRA, CCA, and transport allowances and only Basic Pay, Grade Pay and DA was being paid to the staff.

In order to provide an opportunity to present its case, notice of hearing dated 27/05/2013, was served on the school with the directions to appear before the Committee on 17.06.2013. A fresh questionnaire limited to obtaining information regarding development fee was also issued.

On the appointed date of hearing Sh. Naresh Girisa, Manager of the school, appeared before the committee. It was contended by the school Manager that, the school had hiked fee by around 10% in 2009-10 and 2010-11. The school also submitted reply to the



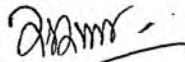
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questionnaire on development fee. As per the reply, school had not collected development fee from the students. It was also contended that only Grade Pay had been paid to the staff and the 6th Pay Commission had not been implemented in full.

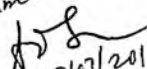
The Committee has examined the returns of the school, the observations of the Audit Officer and also considered the replies to the two questionnaires and the submission made during the course of hearing. The Committee is of the view that the claim of the school that it has implemented the 6th Pay Commission was farcical. This follows from the fact that, had there been actual implementation of the recommendations of the 6th Pay Commission, the salary bills would have substantially increased, but this has not happened. There is only a nominal increase in the salary bills. However, in view of the fact that the fee hike effected by the school in 2009-10 was around 10% and the school was not charging any development fee, no intervention is called for in the matter.

Recommended accordingly.

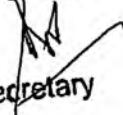

DR. R.K. Sharma
Member


J.S. Kochhar
Member

Dated: 29-07-2013

I agree with the
recommendations

29/07/2013




Secretary