

Government of Madras.

EDUCATIONAL DEPARTMENT.

Recd.

Regd.

} 1913.

Enclosure

Spare copies

693 also

G.O. No. 692, 23th July 1913.

RECEIVED

Provident fund for teachers.

Pointing out certain objections to the adoption of the scheme for the establishment of a provident fund for teachers in private institutions formulated by Mr. Stone in 1909 and requesting the Director of Public Instruction to submit a modified scheme, and addressing the Government of India on the subject of the financing of the scheme.

Government of Madras.

EDUCATIONAL DEPARTMENT.

Recd.

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} 1913.

Enclosures

Spare copies

G.O. No. 692, 28th July 1913.

Provident fund for teachers.

Pointing out certain objections to the adoption of the scheme for the establishment of a provident fund for teachers in private institutions formulated by Mr. Stone in 1909 and requesting the Director of Public Instruction to submit a modified scheme, and addressing the Government of India on the subject of the financing of the scheme.

GOVERNMENT OF MADRAS.

EDUCATIONAL DEPARTMENT.

READ—the following papers :—

I

G.O. No. 418, Educational, dated 18th July 1910.

ABSTRACT.—Abandoning the scheme for the institution of a provident fund for teachers in schools under private management in the Presidency.

II

Official Memorandum No. 1738-1, Educational, dated 12th August 1911.

With reference to G.O. No. 418, Educational, dated the 18th July 1910, the Director of Public Instruction is requested to be good enough to cause as accurate a calculation as possible to be made in his office, of the probable cost to Government of the establishment of a provident fund for teachers employed in schools under private management on the lines proposed by Mr. Stone.

L. DAVIDSON,
Ag. Secretary to Government.

To the Director of Public Instruction.

III

Letter—from the Hon'ble Mr. R. NATHAN, C.I.E., I.C.S., Officiating Chief Secretary to the Government of Eastern Bengal and Assam.

To—the Secretary to the Government of India, Educational Department.

Dated—Dacca, the 7th February 1911.

No.—132-E.

I am directed to address you on the subject of the establishment of provident funds for privately-managed aided colleges in Eastern Bengal and Assam.

2. Aided colleges play a very important part in the educational system of this province and they give instruction to a number of students nearly equal to the number reading in Government institutions. The Lieutenant-Governor has been at great pains to encourage and improve these privately-managed institutions. One of the greatest difficulties against which they have to contend is the tendency of members of the staff to throw up their posts after a short period of service. In order that a college may comply faithfully with the new regulations of the University, it is necessary that it should recruit and retain a body of well-educated and competent professors. The grant of aid to privately managed colleges has enabled them to offer a higher rate of salary and this has resulted in some improvement. It is believed that if the members of the staff could be given a permanent interest in the institution by joining a provident fund, to which would be credited their own subscriptions and a proportionate contribution, professors would be less willing to throw up their appointments and colleges would benefit by a greater permanence in the staff.

3. The idea of aided provident funds for teachers is by no means a new one. In a long correspondence which took place in the years 1899-1904 between the Government of India and the Government of Bengal, the establishment of a provident fund for teachers in primary schools was discussed and the proposal was finally submitted to and negatived by the Secretary of State (Home Department letter No. 241, Educational, dated the 21st March 1904). In the Conference held in Calcutta in March 1908 to consider the reform of secondary education, a proposal to establish provident funds in high schools, was approved and the suggestion formed a portion of the scheme which was submitted to the Government of India in Mr. Lyon's letter No. 1137-E., dated the 18th May 1908. The Lieutenant-Governor does not propose to consider at present the establishment of provident funds in high schools, as the introduction of the general secondary education reform scheme has not proceeded far enough to make this desirable. The need for such a system is just as great in colleges as in high schools, and in view of the small number of these institutions the experiment could more easily be made and watched in them than in a large number of schools. There are four aided colleges in the province. Among these the Murarichand College at Sylhet may be left out of account, since it is shortly to be brought under direct Government management. There remain the Jagannath College at Dacca, the Ananda Mohan College at Mymensingh and Victoria College at Comilla.

4. The governing bodies of the three colleges have been consulted and all of them desire to enter into the scheme. It would not be possible to start it without some measure of Government assistance, and His Honour is of opinion that the public importance of the measure is so great as to justify some expenditure from public funds. It is proposed that a separate provident fund should be opened for each of the three colleges and that membership of it should be compulsory in the case of the principal and all professors and teachers. It is also proposed that each member of the staff should make to the fund a monthly contribution of one anna in the rupee of his salary (equal to $\frac{1}{4}$ per cent.). To this contribution Government and the college authorities would each add an amount equal to one-quarter of the depositor's contributions. These rates are based on those in force in local board provident funds—every servant of the Board is required to subscribe one anna in the rupee and the Board contributes to the deposit account an amount equal to one-half of the contribution. The total Government expenditure based on existing salaries would amount at the present time to about Rs. 100 a month. The expenditure would gradually increase but would never amount to a large sum. Pending the submission of the case to the Government of India the Lieutenant-Governor has not considered in detail the framing of rules for the proposed fund, but His Honour considers that the model rules for District Board Provident Funds (Collier's Local Self-Government Handbook, 4th edition, pages 343-349) would form a suitable basis.

5. Sir Lancelot Hare trusts that the Government of India will agree with him that a scheme of the nature proposed in this letter may be introduced without objection and that it would prove of great benefit to privately-managed colleges.

IV

Letter—from the Hon'ble Mr. H. SHARP, Joint Secretary to the Government of India, Department of Education (Education).

To—the Chief Secretary to the Government of Eastern Bengal and Assam.

Dated—Simla, the 24th July 1911.

No.—1057.

I am directed to reply to Mr. Nathan's letter No. 132-E., dated the 7th February 1911, regarding the establishment of provident funds in aided colleges. The Government of India are in general sympathy with the scheme for creating such funds for the benefit of teachers who are not in pensionable service. The proposal made by the Government of Eastern Bengal and Assam is, however, admittedly of an experimental nature and the Government of India would be glad to consider the proposal for aided colleges in the light of the possible application of the same or a similar arrangement to institutions of lower grades. The characteristics

of any such scheme, when so applied, might, it is thought, be prejudiced, were the initial and experimental scheme to contain features which would be unsuitable in the larger proposals foreshadowed in paragraph 3 of Mr. Nathan's letter.

2. I am therefore to invite attention to the following points:—

(i) It is thought that such funds should be under the direct management of Government, and incorporated in a general provident fund for educational employes in non-pensionable service. The supervision of a large number of separately-constituted funds would be difficult; and there are other reasons which have led the Government of India to this conclusion.

(ii) It is presumed that if Government or the school or college authority make contributions to the fund, the usufruct of any such fund should be at the disposal of the Government of India.

(iii) Should the principle of such funds be established, it appears probable that local Governments may press for its extension not only to aided high schools, but also to schools of lower grade including primary schools under the management of or aided by municipalities and district or local boards. The proposal now before the Government of India contemplates that Government and the managers should each add an amount equal to one-fourth of the depositors' contributions. It is apprehended that the necessity for such contribution by local or by private bodies may be used as an argument for enhanced grants or allocations. Moreover the double contribution is likely to produce complication in accounts. For these reasons it would perhaps appear preferable that the additional contribution should be made wholly by the committee of management or by the local body, Government taking this into consideration in fixing the grant or allocation.

(iv) Should the scheme be extended to primary schools it would appear undesirable to admit to its benefits any teacher on pay less than Rs. 10 a month.

(v) Further, in order to simplify accounts in the case of teachers on low pay, it might be preferable to fix, in lieu of a definite contribution equivalent to 6½ per cent. of the salary, a sliding scale for various grades of pay: e.g., teachers drawing from Rs. 10 to 15 inclusive might be required to contribute Re. 1 per month, and so on.

3. I am now to invite the opinion of the Lieutenant-Governor on these considerations and it would also be convenient if a rough scheme of the arrangements involved, were the proposals to be extended to institutions of lower grade, could be forwarded for the information of the Government of India. Such a scheme would contain a general estimate of the number of teachers likely to be affected, of the grades of pay, of the contributions to which committees or boards would be liable and of the enhanced expenditure which would be thrown upon local Governments. I am to intimate that the Government of India would not consider it necessary or even desirable that the same rules as touching the amount of contribution by the teacher, the proportionate contribution by the school management, etc., or the amount which Government might reasonably make good, should be fixed on the same scale for all classes of educational institutions, or for all municipalities and boards within a single province, still less for similar institutions in different provinces.

4. The Government of India concur in the proposal that any such scheme if introduced should be made compulsory upon the teachers concerned.

5. Finally, I am to say that this further information is required in order that the Government of India may be made aware what would be the ultimate cost of any such scheme if extended to its full limits. It is to be understood that in making such enquiries the Government of India do not hold out any hopes for the financing of the scheme nor do they express any opinion as to the probability of its ultimate sanction. Should the Government of Eastern Bengal and Assam be anxious to bring the particular proposal which they have made into early effect the Government of India will, upon receipt of the information now called for, consider the proposal upon its own merits. Should it, however, be still considered that, in the experimental stage, the funds should be separate for each college, it is suggested that a condition may be attached to the effect that Government may at any time assume the control and management of the funds.

No. 1058.

Copy of correspondence forwarded to the Government of Madras. The Government of India will be glad to receive, with the permission of His Excellency the Governor in Council, similar information from the Government of Madras and an expression of opinion as to whether the creation of such funds is desirable.

(By Order.)

H. SHARP.

Joint Secretary to the Govt. of India.

V

Endorsement No. 1851-1, Educational, dated 1st September 1911.

Referred to the Director of Public Instruction for remarks in continuation of Memorandum No. 1738-1, dated 12th August 1911.

L. DAVIDSON,

Ag. Secretary to Government.

To the Director of Public Instruction.

VI

Letter—from M.R.Ry. A. PANCHAPAKSHA AYYAR AYYAR, M.A., L.T., General Secretary, South India Teachers' Union, P.S. High School, Mysapore.

To—the Chief Secretary to Government.

Dated—the 21st November 1911.

No.—212.

I have the honour to submit herewith a memorial by the Executive Committee of the South India Teachers' Union requesting the Government to re-consider their Order No. 418, dated 18th July 1910, on the scheme submitted by the Hon'ble Mr. J. H. Stone, M.A., for the establishment of a provident fund for the teachers employed in schools under private management. At the Educational Conference held in December last which was sufficiently representative in character, it was unanimously resolved that the Executive Committee be authorized to draft and submit a memorial to Government for the re-consideration of the order referred to above. In consonance with this resolution, the memorial is submitted herewith.

The union consists of fifteen affiliated teachers' associations consisting of 450 members in all and situated in different parts of the Presidency. The list submitted herewith shows the names of the office-bearers and the other members who form the Executive Committee for the year 1910-11 and of the circles the latter respectively represent.

On a careful examination of the scheme and of the Government Order on it, the union is of unanimous opinion that the scheme is easily workable, that it does not impose much on the Government by way of heavy financial burden and that the grounds upon which the Government Order is based are not convincing. The union feels convinced that the objections embodied in the order have been met in the memorial in a satisfactory manner.

I humbly pray that the Government may be pleased to give their best and most sympathetic consideration to the points contained in the memorial and sanction the establishment of the fund, which, it need hardly be said, is the only way of effectively ameliorating the condition of the poorly-paid but hard-worked teacher in private employ and saving him from penury in his declining years.

ENCLOSURES.

(1)

Memorial—from Members of the Executive Committee of the South India Teachers' Union.

To—His Excellency the Governor of Madras.

Dated—the 21st November 1911.

RESPECTFULLY SHEWETH,—That the said union humbly desires to express its gratitude to the Government for having appointed an educational officer to submit a report on the possibility or otherwise of the institution of a provident fund for teachers, under the management of Government, and to the Hon'ble Mr. J. H. Stone for the able and full report submitted by him.

2. That the Order of Government, No. 418, dated the 18th July 1910, has created much disappointment and that the grounds upon which the said scheme has been rejected do not appear convincing to the union.

3. That, after a careful scrutiny of the scheme submitted by the Hon'ble Mr. J. H. Stone and of the draft rules embodied in it, the union is persuaded that, with some slight modifications, the scheme is most suitable for adoption and that it imposes on public funds the least possible charge consistent with its high purpose.

4. That, if the scheme does not extend to teachers in municipal and board schools who do not receive the benefit of any existent Provident fund, it should be so modified as to include them. That in the opinion of the union such inclusion could not greatly increase the estimated contribution from Provincial Revenues towards the maintenance of the Provident fund, since (the union feels convinced) the annual Government grant to the fund would not exceed 2 lakhs of rupees for a considerable time to come, even if all the teachers received the maximum benefits of the scheme forthwith.

5. That, since the scale of the bonus to be paid to teachers on retirement is graded, as shown on page 18 of the said Government Order, a very appreciable liability will lapse in the cases of those teachers who retire from the teaching profession and enter upon other professions before completing ten years of recorded service without receiving any benefit from the fund, and of other teachers who retire after ten years but before twenty years of recorded service receiving only a fraction of the maximum benefit, and that, in consequence, the amount of the Government contribution actually paid would be much less than the roughly estimated sum of 2 lakhs of rupees: and further that the union is confident that for some time to come the annual expenditure incurred by Government for the maintenance of the fund could not exceed 1½ as submitted by the Hon'ble Dr. A. G. Bourne in paragraph 4 of his letter R.C. No. 1594 of the 3rd July 1909.

6. That the anticipated multiplication of schools should not cause any apprehension of an overstrain on public funds, since secondary schools have not, as a matter of fact, been multiplied of late owing to the prohibitive expenditure required of managers for establishing and maintaining schools under the existing rules of recognition and other educational rules which make large demands, of them, and that, at a time when Government is considering the question of compulsory elementary education under Government control, it does not seem reasonable to give up the scheme expecting a gradual increase in the number of elementary schools under private management.

7. That the extent to which the establishment of a provident fund would prove a burden on Provincial revenues may be estimated from the records available in the office of the Director of Public Instruction in view of further action being taken.

8. That the objection that in most cases no accurate information can be obtained of the salaries actually paid to teachers in private schools need not be taken into consideration since the said scheme provides that a teacher in each grade should make a fixed contribution irrespective of the amount of his salary.

9. That there is no reason to suppose that teachers would not pay their contributions since such default would be detrimental to their own interests, and that, if necessary, a regulation making payment obligatory might be included in the educational rules.

10. That since managers would be obliged to deposit the contributions of teachers in the post office savings bank month by month and to withdraw the total amount of such monthly deposits for payment into the Government treasury at the end of each year, subject to the control and supervision of the inspecting officers, there need be no apprehension of malversations on the part of managers or mismanagement of the monies contributed by teachers. That, however, if by reason of the post office savings bank account standing in the manager's name for one year it is apprehended that there might be a possibility of malversation and mismanagement, it is respectfully submitted that this could be prevented by an authorized inspection of the accounts from time to time by the inspecting officers.

11. That the additional charges referred to in paragraph 5 of the said Government Order are necessary charges and that such could not be very considerable since the chief item of expenditure would be the salaries of the clerks who, according to the said scheme, would not exceed the total number of assistant inspectors in the Presidency.

12. That under the existing educational rules, private schools cannot be, and as a matter of fact are not, loosely managed. That the private schoolmaster is, for the time being, under the control of the manager nearly as much as an officer in public service is under the control of the Government, and that, in consequence, the said scheme, if introduced, could not break down through unavailability in payment and irregularities in bringing into account the contributions from subscribers.

13. That, by the establishment of the provident fund, private schools would attract better teachers and thus improve in efficiency, and that the more efficient such schools become the less would be the demand for an increasing number of model schools which now seems likely to add indefinitely to the expenditure from public funds.

14. That the certificated schoolmaster, in private as much as in public schools, is an important factor in the public life of the country. That he renders an invaluable service to the Government by being the educator of pupils and students who are to become respectable citizens and in many cases employees of Government and that therefore it is one of the foremost duties of the State to make provision against penury in his old age or in the event of his being otherwise incapacitated for work.

15. That the memorialists pray that your Excellency's Government may be pleased to re-consider the said order of Government with a view to giving early sanction to the said scheme with such modifications as may be deemed necessary.

For which act of kindness your Excellency's memorialists will, as in duty bound, ever pray.

(2)

The Executive Board for 1910-11.

President.

M.R.Ry. K. B. Ramanath Ayyar Avargal, M.A., B.L., L.T.

Vice-President.

M.R.Ry. P. Lakshmi Narasu Avargal, B.A.

General Secretary.

M.R.Ry. A. Panchapakasa Ayyar Avargal, M.A., L.T.

Other Members.

M.R.Ry. S. Vasudeva Chariyar Avargal, B.A., L.T. (to represent Madras).

" N. Parameswara Ayyar Avargal, B.A. (to represent Chingleput, North and South Arcot).

Rev. A. F. Gardiner, M.A. (to represent Tanjore and Trichinopoly).

M.R.Ry. T. S. Venkatarama Ayyar Avargal, B.A. (to represent Salem, Coimbatore and the Nilgiris).

" D. S. Masilamani Avargal, B.A., L.T. (to represent Madura and Tinnevely).

VII

Endorsement No. 2925-1, Educational, dated 8th December 1911.

Referred to the Director of Public Instruction for remarks in continuation of Endorsement No. 1851-1, dated 1st September 1911.

L. DAVIDSON,
Ag. Secretary to Government.

To the Director of Public Instruction.

VIII

Letter—from the Hon'ble Mr. A. G. BOURNE, D.Sc., F.R.S., C.L.E., Director of Public Instruction.

To—the Secretary to Government, Educational Department.

Dated—the 10th June 1912.

No.—R.C. 5693 of 1911.

With reference to Government memorandum No. 1738-1, dated 12th August 1911, and in continuation of this office R.C. No. 5693 of 1911, dated 15th December 1911, I have the honour to state that Messrs. Rajagopal & Co., who were requested

to provide an estimate of the probable cost to Government of the establishment of a provident fund for teachers employed in schools under private management on the lines proposed by Mr. Stone, again wrote requiring further particulars over and above those already furnished to them in accordance with their original communication. I found however that the collection of the additional materials required would further delay my reply to Government as they could only be obtained by a reference to the inspecting officers. I therefore proceeded to calculate the cost of the scheme with the materials available. I think that the annual amount required when the scheme is in full operation will be about two lakhs. This is probably a large over-estimate, but it may serve as a maximum which is not likely to be exceeded.

2. I may state in this connection that some of the schools under private management have already established or are likely to initiate separate funds for the benefit of the teachers employed in them; but these will be ultimately incorporated in the general provident fund to be established by Government.

IX

Letter—from the Hon'ble Mr. A. G. BOURNE, D.Sc., F.R.S., C.I.E., Director of Public Instruction.

To—the Secretary to Government, Educational Department.

Dated—the 10th June 1912.

No.—R.C. 5693 of 1911.

With reference to Government Endorsement No. 1851-1, dated 1st September 1911, referring for remarks the Hon'ble Mr. Sharp's letter on the subject of the establishment of provident funds in institutions under private management, I have the honour to invite your attention to G.O. No. 418, Educational, dated 18th July 1910, passing orders on the scheme formulated by Mr. Stone for the institution of such a fund for the benefit of teachers employed in institutions under private management in this Presidency. My reply to the several points noted in the Hon'ble Mr. Sharp's letter is as follows:—

Paragraph 2.—(i) The provident fund to be instituted in this Presidency is of the nature pointed out by the Hon'ble Mr. Sharp.

(ii) In the scheme formulated by Mr. Stone it is not proposed that Government should make any contribution to the fund; but it has been suggested to add, under certain rules, to the amount receivable from the fund on retirement by a teacher.

(iii) Under Mr. Stone's scheme there will be no separate funds attached to schools and the complications in accounts apprehended by the Government of India will not arise. It may however be necessary in the early stages to recognize existing separate funds which will ultimately be absorbed by the Government fund.

(iv) It has not been considered necessary to fix the limit prescribed by the Government of India to admit to the benefits of the fund only teachers whose salary is Rs 10 and above. It may be stated that most of the teachers come under class B—*vide* clause (iv) of the draft rules embodied in G.O. No. 418, Educational, dated 18th July 1910—that is, teachers employed in recognized schools under "teacher managers," and these will not be compelled to contribute—*vide* clause (vi) of the draft rules.

(v) Mr. Stone's scheme does not fix a sliding scale for various grades of pay; but it provides for this in another way, that is, by making the contribution depend on the grade of the certificate.

2. As regards paragraph 3 of the Government of India's letter, I beg to state that Mr. Stone's scheme gives what is required except information as to its cost. A reference to my letter R.C. No. 5693 of 1911, dated 10th June 1912, will, however, show that the annual maximum amount required is not likely to exceed two lakhs.

3. In respect of paragraph 4 I beg to submit that in accordance with the scheme as already formulated by Mr. Stone contributions to the fund will be obligatory for teachers who are employed in recognized schools under managers; but in the

case of teachers employed in recognized schools under "teacher managers" and of those who are classed as Europeans under the Code of Regulations for European Schools in the Presidency such contributions will be optional.

4. The enclosures to the Government endorsement are returned.

X

Letter—from the Hon'ble Mr. A. G. BOURNE, D.Sc., F.R.S., C.I.E., Director of Public Instruction.

To—the Secretary to Government, Educational Department.

Dated—the 17th June 1912.

No.—R.C. 5693 of 1911.

In continuation of my letter R.C. No. 5693/11, dated 10th June 1912, I have the honour to return the papers referred to me for remarks with Endorsement No. 2925-1, dated 8th December 1911.

Order—No. 692, Educational, dated 28th July 1913.

The Government have again had under consideration the question of instituting a provident fund for qualified or certificated teachers in recognized schools under private management and the scheme drawn up by Mr. Stone in 1909, and dealt with generally in the proceedings read above, has been further scrutinized to ascertain whether it would form the basis of a practical working project, should such a fund be established.

2. *Constitution of the fund.*—Under Mr. Stone's scheme, the provident fund would be formed from, and maintained by, subscriptions paid by or on behalf of teachers and the interest thereon. There would be no annual bonus from Government, but when a subscriber left the fund the Government would pay him a bonus proportioned to the length of his recorded service. By this arrangement not only does the bonus fail to increase by the interest it would earn if it were paid annually, and thus is of less eventual value to the recipient than if it were so paid, but the liability thrown upon Government is heavier. Further, the Government liability in any given year on account of the bonus is not calculable with the same approximation to accuracy as in the case of an annual bonus proportioned in the usual manner to the amount of contributions paid into the fund, and this would occasion uncertainty in budgeting. The system, usual in other public provident funds, by which the bonus is paid annually in proportion to the subscription, would therefore seem preferable.

3. *Rate of contribution by subscribers.*—In Mr. Stone's scheme the rates of contribution depend upon the grade of the certificates which the teachers hold instead of upon the salary paid to them, as in other public provident funds. This arrangement will result in great and unwarrantable inequalities in the amounts of contributions paid by subscribers holding the same grade of certificate but drawing different salaries. It would therefore seem better that subscriptions should be levied on the actual amount of salary drawn, at the usual rate of one anna in the rupee, fixed sliding scales of contribution being introduced, if necessary for the simplification of accounts, for the lowest grades of pay only.

4. *Recovery of subscriptions.*—Mr. Stone's scheme contemplates that managers shall recover subscriptions in cash, pay them temporarily into the Post Office Savings Bank, and transfer them later to a Government treasury. This involves much handling of money and affords many opportunities for loss, mistakes, petty embezzlements and fraud, all necessitating correspondence, and requires intricate adjustments between the accounts of the Post Office and the Accountant-General. This procedure might perhaps be necessary in the case of the comparatively few unaided schools (though even there some better system should, if possible, be devised, such as requiring the manager to remit subscriptions to the district educational authority monthly), but in the case of other schools it would be simpler and better to recover subscriptions

by making corresponding reductions from grants-in-aid paid to the schools. Managers could be required to submit at the beginning of each year to the district educational authority a statement showing the names of all teachers employed and the salary paid to them (any subsequent changes therein being immediately notified) and that authority could forward to the accountants of the fund a statement of the adjustments made accordingly against the grant-in-aid.

5. *Accounts of the fund*.—Mr. Stone's scheme contemplates that the accounts of each subscriber in a district shall be kept by the Assistant Inspector of Schools, which will throw upon that officer much account and audit work for which he will not ordinarily have the necessary training. The Government consider that the system will lead to confusion and complications and break down in practice. They are of opinion that the work would more properly be left either to the account staff already familiar with similar provident fund transactions in the districts or be concentrated in the Accountant-General's office.

6. The Director of Public Instruction is accordingly requested to work out and submit a modified scheme which will not be open to the objections referred to above, with an approximate estimate of the cost to the State involved by it. The model provident fund rules for local boards in this Presidency may perhaps in several respects serve as the basis for this. In submitting it, the Director will also consider and report on the question whether it would be preferable to have a central fund, the accounts of which would be maintained by the Accountant-General, or to have a branch fund in each district which would be looked after by each district board on behalf of and at the cost of Government by the same agency which at present maintains the accounts of the local board provident fund. The suggestions made during the discussion of the resolution moved by the Hon'ble Mr. T. V. Seshagiri Ayyar at the meeting of the Legislative Council, dated 4th April 1913, regarding the establishment of a provident fund for teachers may also be considered in this connection. The Director should finally submit a statement showing the total number of certificated teachers in recognized schools under private management, the number on each rate of salary and, if possible, the annual increment or decrement of such institutions and teachers for each of the last five years.

(True Extract.)

W. FRANCIS,
Ag. Secretary to Government.

To the Director of Public Instruction, with a copy of the proceedings
of the Legislative Council, dated 4th April 1913.
,, Financial Department, with copy of notes.

GOVERNMENT OF MADRAS.

EDUCATIONAL DEPARTMENT.

No. 693.

From

THE HON'BLE MR. W. FRANCIS, I.C.S.,

Acting Secretary to the Government of Madras,

Educational Department,

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,

DEPARTMENT OF EDUCATION (EDUCATION).

Dated Ootacamund, the 28th July 1913.

SIR,

I am directed to address you regarding the institution of a provident fund for teachers in this Presidency, referred to in the correspondence forwarded with your endorsement No. 1053, dated 24th July 1911. The Government of India ask for the opinion of this Government as to the desirability of creating such a fund and for a rough scheme of the arrangements involved, with a general estimate of the number of teachers on various grades of pay likely to be affected, of the contributions to which municipal councils or boards would be liable, and of the enhanced expenditure which would be thrown upon the State.

2. In reply, I am to say that His Excellency the Governor in Council is in agreement with the view taken in paragraph 53 of the Resolution of the Government of India, No. 301-C.D. (Education), dated 21st February 1913, that the establishment of such a provident fund would render the teaching profession more attractive and further the efficiency of educational institutions.

3. The Madras Government, indeed, have had the question under consideration for some years and definite steps have been taken already to formulate a scheme and calculate the cost. In 1908 a senior officer of the educational department was placed on deputation to draw up a scheme and elaborated detailed proposals for the establishment of a single fund for the benefit of all qualified or certificated teachers in recognized schools under private management. This was examined by His Excellency in Council and eventually dropped principally on the ground that it would entail a great expenditure of public money which could be better employed in furthering education in more direct ways.

4. On receipt of your endorsement of 24th July 1911 above referred to, the matter was again taken up. Again, however, the financial difficulty arises. Provident funds already exist in the case of all district boards and some two-thirds of the municipal councils in this Presidency and teachers in institutions under their management could without difficulty be separately brought under these. It is, however, calculated that a fund for qualified or certificated teachers in recognized schools under *private* management which would secure to them benefits comparing not unfavourably with those conferred by the existing provident funds, would involve, in bonuses to subscribers and expenses of administration, an annual liability to the Government of approximately three lakhs of rupees.

5. It is not possible for this Government to find so large a sum for this purpose, and I am to ask whether the Government of India is prepared to finance the scheme from Imperial funds. If so, His Excellency in Council does not anticipate any difficulty in giving early effect to a practical project. Details of this are in course of completion and it could be worked much on the lines laid down in the Government of India's letter of 24th July 1911 to the Government of Eastern Bengal either as a single consolidated fund under the control of the Government of India or of this Government or as separate subsidized Government funds for each district in the same way as the existing provident funds of local bodies.

I have the honour to be,

Sir,

Your most obedient servant,

W. FRANCIS,

Ag. Secretary to Government.

EDUCATIONAL DEPARTMENT.

NOTES CONNECTED WITH G.O. Nos. 692, 693, EDUCATIONAL,
DATED 28TH JULY 1913.

[SUBJECT.—*Provident fund for teachers in aided schools.*]

Demi-official—from the Hon'ble Mr. T. V. SESHAGINI AYYAR, Pammal House, Vepery.

To—the Hon'ble Sir MURRAY HAMMICK, K.C.S.I., C.I.E., I.C.S., Member of Council.
Dated—Madras, the 16th July 1911.

When I last saw you in Ootacamund, I promised to submit to you a scheme for Provident fund for teachers. You were good enough to tell me that the Government was not against entertaining proposals for a scheme on the subject, but that its opinion was that Mr. Stone's scheme was not practicable. I considered fully the objections raised against Mr. Stone's scheme with the assistance of certain gentlemen employed as teachers and Professors for whose opinion I have the greatest regard. As a result of the discussion, the accompanying memorandum dealing with the objections to Mr. Stone's scheme has been prepared. I am of opinion that it is impossible to devise a better scheme. As you know, since we met last, the great scheme of insurance against sickness, etc., introduced by the Chancellor of Exchequer in England shows how anxious the British Parliament is to provide means of sustenance for men whose life has been spent in vocations which materially affect the welfare of the people; and no bodies of persons are better entitled to the consideration of the Government than those engaged in moulding the character and capacity of the youths of the country. I have no doubt that you will agree with me that the time has come for seriously taking steps not only to make the profession of teaching more lucrative, but also to adopt means by which teachers on retirement from service are not left destitute. It strikes me that the scheme suggested by Mr. Stone should be reconsidered in the light of the observations contained in the memorandum which I have sent up to you.

G.O. No 418, Educational, dated 18th July 1910.

ENCLOSURE.

Memorandum of Answers to the objections raised with regard to the Provident fund scheme for teachers proposed by the Hon'ble Mr. Stone.

1. That municipalities and local boards have to provide for teachers in their employ cannot be held a valid objection against the teachers in private schools getting the benefit of the scheme.

2. The more efficient, private schools are rendered by the teacher's prospects being made better, the lesser will be the charge on the public funds, as there will not be the need then to add indefinitely to public expenditure by way of setting up model schools and gradually increasing their number.

3. The information desired as regards the actual expenditure likely to be incurred can be got from the records available in the office of the Director of Public Instruction.

4. If desired, acquittance rolls maintained in every school must give the information about the pay of the teachers. But in Mr. Stone's scheme there is no need for such information. The teacher in each grade makes a definite contribution irrespective of his pay.

5. The fear that teachers would not pay their contribution is merely imaginary. No teacher in private employ would do such a thing knowing how detrimental it would be to his own interests. As a condition making payment obligatory may be very well included in the Educational rules and made binding on teachers in recognised schools, legislation if needed may be easily effected.

6. As the Post Office is to be the receiver of contributions there is no fear of the moneys being lost or misappropriated after they are paid in. The inspecting officer may be instructed to see from time to time or at stated intervals that the contributions are duly made.

7. The additional charges referred to in paragraph 5 are necessary charges and the chief item of expenditure must be the salaries of trained clerks and they need not be many according to Mr. Stone's scheme.

8. The remarks about the independence of teachers in private schools are not warranted by the actual relations obtaining between the teacher and the manager in private schools. And the betterment of teachers in Government schools will not help the teacher in private employ for whose benefit the scheme has been devised.

Please put up with the files on the case. I don't require a note.

M. H[AMMICK]—18-7-11.

The papers regarding the establishment of a Provident fund for teachers are placed below.

K. RANGASWAMI AYYANGAR—19-7-11.

L. DAVIDSON—20-7-11.

The Government of India have sent us a communication in connection with a suggestion from Eastern Bengal, as to starting a Teachers' Provident fund.

The matter must be taken up again in connection with that letter.

I should say the best thing to do first is to get a calculation made as accurately as possible of what the cost of the scheme would be. Perhaps Mr. Stone might get this done in his office and let us see the results. Ask him to do so. If the Government of India would assist in subsidizing the scheme, it might be possible to carry it out.

M. H[AMMICK]—5-8-11.

The draft is for approval.

T.K.—10-8-11.

The letter from India calling for information regarding Provident fund for teachers is now in circulation to the Hon'ble Mr. Krishnaswami Ayyar (in original). It will on receipt be referred to the Director of Public Instruction in continuation of this memorandum. In the meantime the memorandum may issue.

K. RANGASWAMI AYYANGAR—11-8-11.

L. DAVIDSON—12-8-11.

I suppose the Honourable Member means the cost of a scheme for schools under *private* management only. When the letter from India comes, it may be necessary to consider other schools, as all teachers in public schools, I understood, do not subscribe to existing Provident funds.

L. DAVIDSON—12-8-11.

[Memorandum No. 1738, dated 12th August 1911.]

From the Government of India,
Department of Education, No. 1058,
dated 24th July 1911.

Circulated in advance for the perusal of —

- (1) His Excellency the Governor.
- (2) The Hon'ble Sir Murray Hammick, K.C.S.I., C.I.E.
- (3) The Hon'ble Mr. J. N. Atkinson, C.S.I.
- (4) The Hon'ble Mr. V. Krishnaswami Ayyar.

L. DAVIDSON—31-7-11.

India are so non-committal. I wish that something could be done to improve the teachers' pay and prospects, but it will be a costly business.

A. L[AWLEY]—3-8-11. *

I am sending back in a separate box the papers about our proposed Provident fund for schoolmasters. As the Government of India seem to favour some such scheme we may perhaps reconsider ours and see if we can send it up.

M. H[AMMICK]—5-8-11.

On general principles I am much in favour of such Provident funds. Apart from all other reasons, they must always make for efficiency of service.

I should like to see the papers about the proposed Provident fund for schoolmasters in this Presidency.

J. N. A[TKINSON]—7-8-11.

I would also like to see.

V. K[RISHNASWAMI AYYAR]—12-8-11.

The draft reference below is for approval. Please see the Secretary's remarks on page 2 *supra*. It is submitted that *all* teachers in Government schools are entitled to pension and "the General Provident fund" which is open to all Government servants, is open to them also. The proposed Provident fund for schoolmasters will therefore have application to private schoolmasters and to such of the local fund and municipal schoolmasters as do not already come under any pension or Provident fund schemes established by the local bodies concerned.

T.K.—16-8-11.

K. RANGASWAMI AYYANGAR—16-8-11.

L. DAVIDSON—17-8-11.

The draft is approved. I understand from Mr. Seshagiri Ayyar that the Managers of the Triplicane school are about to propose to establish a Provident fund for the teachers in that school and will ask Government to assist. It seems to me that the Grant-in-Aid Code might well lay down that expenditure on a Provident fund in a school is one of the proper objects on which to spend school funds and that Government will take such expenditure into account in making grants to the school. If we had such a provision, then the Director of Public Instruction could give a grant of a certain proportion of the contributions made by the masters

and by the managers to the fund. The masters might give, say one anna in the rupee of pay, and the managers a half of the same and the Government the same as the managers. This proposal can be considered when the case comes up. Meanwhile the draft can issue.

M. H[AMMICK]—31-8-11.

[Memorandum No. 1851-1, dated
1st September 1911.]

Extract from the notes relating to establishment of Provident funds in aided colleges.

I should like to see the papers about the proposed Provident fund for schoolmasters in this Presidency.

J. N. A[TKINSON]—7-8-11.

I would also like to see.

V. K[RISHNASWAMI AYYAR]—12-8-11.

Two sets of the papers about the Provident fund for teachers are submitted. They may be sent to the Hon'ble Mr. J. N. Atkinson, c.s.i.

2. Another set of papers for the Hon'ble Mr. V. Krishnaswami Ayyar has been separately submitted.

T.K.—16-8-11.

K. RANGASWAMI AYYANGAR—16-8-11.

Yes: with the remark that the matter is being taken up again for consideration and that the Director of Public Instruction has just been asked for an estimate of the cost of Mr. Stone's scheme (G.O. No. 418, Educational, dated 18th July 1910).

L. DAVIDSON—17-8-11.

Thanks. I should like to see the papers again, when the question comes up for final consideration.

J. N. A[TKINSON]—18-8-11.

Thanks.

V. K[RISHNASWAMI AYYAR]—24-8-11.

*from the South Indian Teachers' Union,
dated 21st November 1911, No. 212.*

The subject of the establishment of a Provident fund for teachers has been referred to the Director of Public Instruction for remarks—*vide* Memorandum No. 1851-1, dated 1st September 1911. The memorial from the South Indian

Teachers' Union may also be referred to the Director of Public Instruction in continuation of the previous reference.

2. A draft endorsement is submitted for approval. After its issue the notes may be printed.

P.R.—6-12-11.

R. SUNDARAM AYYAR—6-12-11.

M. S. MASCARENHAS—6-12-11.

[Endorsement No. 2925-1, Educational, dated 8th December 1911.]

VI

From the Director of Public Instruction,
dated 16th June 1912, No. 5693.

VII

From the Director of Public Instruction,
dated 10th June 1912, No. 5693.

VIII

From the Director of Public Instruction,
dated 17th June 1912, No. 5693.

Paragraphs 1 to 8 of the office-note on pages 4 to 6 of the notes with G.O. No. 418, Educational, dated 18th July 1910, give a summary of the circumstances which led Government to the consideration of a scheme for the establishment of a Provident fund for teachers in this Presidency. After a full consideration in detail of the scheme drawn up by the Hon'ble Mr. J. H. Stone, which provided for the establishment of a single general Provident fund for the benefit of all qualified or certificated teachers in recognized institutions under private management, the Government, in that Government order decided to drop the proposal as being incommensurate with the trouble and expense involved therein.

2. Since then, the following three sets of papers relating to the subject were received by Government:—

(i) A demi-official from the Hon'ble Mr. T. V. Seshagiri Ayyar requesting a reconsideration of G.O. No. 418, Educational, dated 18th July 1910, accompanied by a memorandum refuting some of the objections taken by Government to Mr. Stone's scheme.

(ii) A copy of correspondence between the Government of Eastern Bengal and Assam and the Government of India on a similar subject received from the

Pages 1-2 *supra*.

latter Government with the request for an expression of opinion on some of the points raised in the correspondence.

(iii) A memorial from the South India Teachers' Union soliciting a reconsideration of the above Government order, and attempting to meet the objections of Government to Mr. Stone's scheme.

3. In connection chiefly with the letter from the Government of India, it was decided to re-open the question afresh and to call for further information in respect of the scheme already submitted by Mr. Stone, the Honourable Member (now His Excellency) remarking that if the Government of India would assist in subsidizing the scheme, it might be possible to carry it out. In Memorandum No. 1738-1, Educational, dated 12th August 1911, the Director of Public Instruction was accordingly asked to submit as accurate a calculation as possible of the probable cost to Government of the establishment of a Provident fund for teachers employed in schools under private management on the lines proposed by Mr. Stone. At the same time the correspondence with the Government of India and the memorial of the South India Teachers' Union were also referred to the Director for remarks. His replies have now been received and are dealt with below.

4. Before proceeding to examine the question, it seems necessary to set out in brief the salient features of Mr. Stone's scheme. Mr. Stone's scheme is for the establishment of a single Provident fund for the benefit of all certificated teachers in recognized schools under private management. The fund is to be managed by the Educational department. The amount of a teacher's contribution is to be determined by the grade of his certificate and not to be a proportion of his actual salary. Contribution to the fund is obligatory on teachers employed in recognized schools under managers but optional in the case of teachers in schools under teacher-managers and of teachers who are classed as Europeans under the Code of Regulations for European schools. Managers may contribute to the fund on behalf of teachers, but it is not compulsory. The monies received to the credit of the fund shall be held by the Accountant-General and interest allowed. When a teacher dies, or retires

G.O. No. 418, Educational, dated 18th July 1910.

Vide Honourable Member's note on page 3 *supra*.

Ibid.

Paragraph 2 of G.O. No. 418, Educational, dated 18th July 1910.

Rule III on page 8 of G.O. No. 418, Educational, dated 18th July 1910.

Rule X on page 9 of G.O. No. 418, Educational, dated 18th July 1910.

Rule V on page 8 of G.O. No. 418, Educational, dated 18th July 1910.

Rule VI on page 8 of G.O. No. 418, Educational, dated 18th July 1910.

Rule XVI on page 9 of G.O. No. 418, Educational, dated 18th July 1910.

Rule XXI on page 10 of G.O. No. 418, Educational, dated 18th July 1910.

Rule XXIII on page 11 of G.O. No. 418, Educational, dated 18th July 1910.

Rule XXV (2) on page 11 of G.O. No. 418, Educational, dated 18th July 1910.

from the profession of teaching or obtains employment under Government or a local board or outside the Presidency, his account shall be closed and he shall receive a bonus from Government, being a proportion of the sum to his credit in the fund, provided he has put in at least ten years' recorded service.

5. In the following paragraphs it will be examined—

(i) how far the principles laid down by the Government of India can be accepted;

(ii) whether and, if so, how the several objections raised to the scheme by the Government can now be overcome; and

(iii) to what extent the observations of the South India Teachers' Union and the Hon'ble Mr. T. V. Seshagiri Ayyar meet those objections.

6. *The outline of the scheme proposed by the Government of India.*—In considering this question, the Government of India had before them a proposal from the Government of Eastern Bengal and Assam for the establishment of Provident funds for each of the privately managed aided colleges in the Province. The Government of India, while expressing general sympathy with schemes for the establishment of Provident funds for teachers, discountenance the proposal and remit it to the Government of Eastern Bengal and Assam for re-consideration in the light of the possible application of the scheme to institutions of lower grade and with reference to the following principles laid down by them:—

(i) The funds should be under the direct management of the Government and incorporated in a general Provident fund for educational employes in non-pensionable service.

(ii) If the Government or school authorities make contributions to the fund, the usufruct of any such fund should be at the disposal of the Government of India.

(iii) The scheme should be made compulsory upon the teachers concerned.

(iv) The additional contribution to the fund should be made wholly by the management, the Government taking it into account in fixing the grant payable to the schools.

(v) Should the scheme be extended to primary schools, it would be undesirable to admit into its benefits any teacher on pay less than Rs. 10 a month.

(vi) A sliding scale for various grades of pay should be fixed in lieu of a definite contribution equivalent to a percentage of the salary.

It may be observed that in the scheme framed by Mr. Stone most of the points raised by the Government of India are fully discussed, and these will be taken up *seriatim*.

7. *Management of the fund.*—Paragraphs 8 to 15 of Mr. Stone's report on page 4 of G.O. No. 418, Educational, dated 18th July 1910, give cogently the reasons for the Government undertaking the management of the fund, if one is established. It is reported that the teachers and the management prefer, on the score of safety and efficiency, the control of Government in this matter. It is submitted that if it is decided to have a general scheme applicable to a general section of teachers, its management by Government agency seems to be the only feasible course.

8. The latter part of the suggestion of the Government of India under this head refers to the establishment of a "general fund for educational employes in non-pensionable service." It is not clear whether the Government of India by this refer only to aided *private* institutions or include within its scope the teachers in schools under local bodies, who are not admitted to the advantages of pensionable service. In paragraph 2 (iii) of their letter reference is, however, made to local bodies. It is also hardly plain whether the Government of India propose to place any restriction upon the selection of institutions the staff of which will be given the benefits of the fund.

Mr. Stone's scheme confines itself only to "qualified or certificate teachers in recognized schools under private management." This, therefore, excludes all schools under public management, that is under local bodies, and all unrecognized schools under private management. In the notes to G.O. No. 418, Educational, dated 18th July 1910, it was discussed fully whether, if a scheme for the benefit of the teachers in private institutions were established, those of the institutions under the local bodies who are now denied the benefits of such a fund, should also be brought within the scheme.

L. DAVIDSON—5-9-12.

Yes.

M. H[AMMICK]—7-9-12.

[Teachers in municipal schools were excluded then from the Provident fund scheme where such funds were established by municipal councils.]

Page 29 of the notes with G.O. No. 418, Educational, dated 18th July 1910.

Paragraph 3 of His Excellency's note on page 31 of G.O. No. 418, Educational, dated 18th July 1910.

G.O. No. 611 M., dated 29th March 1911.

(Twenty-nine out of 42 agreed and Government made the rules general.)

Vide pages 2 and 3 of the notes with G.O. No. 611 M., dated 29th March 1912.

Per contra the number of teachers has increased materially since 1910 and will increase still more in the future.

L. DAVIDSON—5-9-12.

It was found on examination that a sum of Rs. 90,000 in round figures would be needed to pay as contribution to the fund on account of teachers in local fund and municipal schools and that, assuming that the contributions at present paid by the district boards on this account will be set against it, a sum of at least Rs. 45,000 would be required for contributions for these teachers alone. The Government thought that an outlay of this amount would cripple the resources of Government considerably and hinder activities in the way of elementary education to a serious degree.

When the matter was under consideration in 1910, the entire body of teachers in municipal service were excluded from the privileges of Provident fund. But since then the question was reconsidered and in May 1911, all the 42 municipal councils who had established Provident funds were requested to consider whether municipal schoolmasters should not also be brought within the obligatory provisions of the rules requiring compulsory contribution and the councils concerned were at the same time informed that if they were unable to bear the entire additional outlay involved by the decision, the question of affording them such help as might be absolutely necessary would be considered in connection with the examination of their budgets. In response to this reference, several of these councils have accepted the suggestion and extended the scheme to the teachers whose maximum pay is Rs. 15 per mensem and upwards. The question of Provincial help in the case of such of the municipal councils as cannot afford the additional charge is a matter for later decision. If all the councils accept the suggestion, a total contribution of an approximate sum of Rs. 7,500 will be payable on account of the teachers in those schools. If this sum is taken into account, the estimated additional charge to Government of Rs. 45,000 referred to above will be reduced by that extent. It is now for consideration whether, if a general scheme is established the teachers in local fund and municipal service should also be taken in.

In this connection the South India Teachers' Union suggest that the scheme should be so modified as to include the teachers in the service of local bodies as such inclusion could not greatly increase the estimated contribution from Provincial revenues towards the maintenance of

the fund, since the annual Government grant to the fund would not exceed 2 lakhs of rupees for a considerable time to come, even if all the teachers received the maximum benefits of the scheme forthwith.

As regards institutions under private management, it is submitted that only recognized schools need be included in the scheme as proposed by Mr. Stone. Otherwise there will be no hold on the management of institutions to conform to the rules of the scheme. The provision in Mr. Stone's proposals that only qualified or certificated teachers should be admitted to the benefits of the scheme seems wholesome, as being an incentive to teachers to qualify themselves.

9. *Usufruct of the fund should be with the Government of India.*—Under Mr. Stone's scheme, the contributions will be deposited in the Government treasury annually, and the monies thus received by Government to the credit of the fund will be invested by the Accountant-General in Government securities or in municipal debentures or in such others as Government may from time to time specially authorize. The investment of the funded contributions in Government securities is an acknowledged factor under the scheme, and the usufruct of the fund will thus be with the Government of India as desired by them.

10. *Compulsory contribution by all teachers.*—In the scheme proposed by Mr. Stone a distinction is made between teachers under managers and teacher-managers of elementary schools; it was proposed to make contribution from the latter voluntary, as they could not afford to pay the prescribed contributions, nor could realise the advantages the fund offered, while in the case of other teachers the payment of contributions was compulsory. In view of the peculiar conditions of the teacher-managers of elementary schools in this Presidency the special treatment proposed for them may be retained, the Government of India's suggestion being accepted in respect of others.

11. *Additional contributions to the fund.*—In dealing with this point the Government of India had before them a proposal that the Government and the managers should each add an amount equal to one-fourth of the depositor's contributions. The Government of India

Yes.

L. DAVIDSON—5-9-12.

Agreed.

M. H[AMMICK]—7-9-12.

Yes.

L. DAVIDSON—5-9-12.

Yes.

M. H[AMMICK]—7-9-12.

Rule XXI on page 10 of G.O. No. 418, Educational, dated 18th July 1910.

This is not what India mean as to having the usufruct of the fund.

C. REILLY.

L. DAVIDSON—5-9-12.

Yes.

M. H[AMMICK]—7-9-12.

Paragraph 25 of Mr. Stone's report on page 6 of G.O. No. 418, Educational, dated 18th July 1910.

I think Mr. Stone meant both (a) teacher-managers and (b) teachers employed by teacher-managers.

L. DAVIDSON—5-9-12.

Yes.

M. H[AMMICK]—7-9-12.

apprehended that the necessity for such contribution by local or private bodies might be used as an argument for enhanced grants or allocations and that the double contribution was likely to produce complications in accounts. For these reasons they prefer that the additional contribution should be made wholly by the committee of management or by the local body, the Government taking that into consideration in fixing the grant or allocation.

The question whether managers of schools should make contributions to the fund is discussed in paragraphs 26 and 27 of Mr. Stone's report. He was of the opinion that it should not be made obligatory on managers of schools to contribute anything to the Provident fund. Draft rule (xvi) left it to their option to contribute to the fund in any manner they chose provided that the sum so contributed in a year in no case exceeded the sum contributed in the same year by the teacher. Under this arrangement it can hardly be expected that any of the managers would contribute to the fund at all. Please compare Mr. Francis' note, dated 15th August 1909, in the margin of paragraph 27 of the office-note on page 11 of G.O. No. 418, Educational, dated 18th July 1910. Mr. Stone's scheme was mainly a Government subsidizing scheme. In that case there is no room for the apprehensions of the Government of India as expressed under this head.

If local bodies are included in the scheme, and if the contributions now paid by them towards the fund are continued, then only the question of double contribution will arise. In that event some fixity in the contribution payable will be decided upon to avoid the difficulties pointed out by the Government of India.

12. *Exclusion of teachers on less than Rs. 10 from the fund.*—Mr. Stone in his scheme has not expressly excluded any class of servants from the fund. He has only made it optional to the teacher-manager to contribute to the fund. Apparently the class of teachers with pay of less than Rs 10 will come under the class of teacher-managers. Please compare paragraph 2 (iv) of Dr. Bourne's letter, dated 10th June 1912. Mr. Stone was anxious that the fund should not shut out lower-paid teachers for whom it was most imperative that something should be done. Mr. Stone's proposal to

Page 6 of G.O. No. 418, Educational, dated 18th July 1910.

Page 9 *ibid.*

L. DAVIDSON—5-9-12.

Yes: the simplest plan, as "India" suggest, would probably be to make the entire contribution payable by each local body and to take the payment into account when granting a general educational subsidy to it.

L. DAVIDSON—5-9-12.

Yes.

M. H[AMMICK]—7-9-12.

Paragraph 2 of report on page 5 of G.O. No. 418, Educational, dated 18th July 1910.

Yes.
L. DAVIDSON—5-9-12.
Yes.
M. H[AMMICK]—7-9-12.

† The ten-rupee teacher will soon be extinct with the additions to pay now being sanctioned or about to be allowed. I would not preserve the high limit of Rs. 15 in municipal schools.

L. DAVIDSON—5-9-12.
Yes.
M. H[AMMICK]—7-9-12.

Current file.

Page 6 of G.O. No. 418, Educational, dated 18th July 1910.

This, I think, is simpler and preferable. Hard cases are met by rules II (5) and (6) at page 8 of G.O. No. 418, Educational, dated 18th July 1910, which authorize the Director of Public Instruction and Government to declare eligible teachers who do not possess formal certificates.

L. DAVIDSON—5-9-12.
Yes.
M. H[AMMICK]—7-9-12.

These rates complicate calculation, but an enhancement to Re. 1 would mean considerable extra cost.

L. DAVIDSON—9-5-12.
I think Re. 1 would be too high and prefer Mr. Stone's lower rates.

M. H[AMMICK]—7-5-12.

make the contribution voluntary in the case of these teachers seems therefore preferable to the proposal made by the Government of India to exclude them altogether. It may be pointed out that in the local fund service employes on less than Rs. 10 *per mensem* including teachers are outside the Provident fund scheme and in municipal service teachers on pay of less than Rs. 15 are similarly excluded.

13. *Scale of contributions.*—In order to simplify accounts in the case of teachers on low pay, the Government of India prefer to fix in lieu of definite contribution equivalent to a certain percentage of salary, a sliding scale for various grades of pay, as for example teachers on Rs. 10—15 might be required to contribute Re. 1 a month and so on. In paragraphs 28 and 29 of his report, Mr. Stone has discussed the question on what basis the contribution should be based. As the Government of India, Mr. Stone also prefers *fixed* rates. In view of the larger number of teachers involved, the variety of agencies under which they serve, the fluctuations of their rates of pay and possible difficulty in some cases of ascertaining what these are, Mr. Stone would not make the contribution depend actually on the amount of salary drawn by the teacher. He has therefore fixed a sliding scale of pay making the contribution depend on the grade of the certificate of the teacher. Please see rule X of the draft rules on page 9 of G.O. No. 418, Educational, dated 18th July 1910. The principle laid down by the Government of India has thus been already adopted by this Government though in a different manner. It may be observed that while the Government of India would fix Re. 1 a month as the minimum contribution from a teacher, Mr. Stone's scheme adopts As. 10 and As. 14 for lower and higher elementary teachers, respectively.

14. The foregoing paragraphs deal with the specific points raised by the Government of India. That Government also desire to be furnished with a rough scheme giving the general estimate of the number of teachers likely to be affected, of the grades of pay, of the contributions that the school authorities would be liable to, and the cost to Government. The scheme drawn up by Mr. Stone may, if approved, be forwarded to the Government of India with reference to this call.

Yes: if approved.
L. DAVIDSON—5-9-12

Yes.
M. H[AMMICK]—7-9-12.

It may now be considered how far the main objections previously raised by this Government to the scheme may be reconsidered. In doing so, the replies furnished by the South India Teachers' Union to each point will be dealt with simultaneously.

15. *Continuing increase in the amount of contribution payable by Government*—As one of the objections it was pointed out that, if the teachers in schools under public management were to be included in the scheme, the contributions to be paid by Government would not only be considerably raised from the beginning, but would be subject to a continuing increase as schools multiplied and certificated teachers became more numerous.

South India Teachers' Union's remarks.—The South India Teachers' Union observes that since the scale of bonus to be paid to teachers on retirement is to be graded, a very appreciable liability will lapse in the case of those teachers who retire from the teaching profession without the qualifying service either to enter upon other professions or otherwise and will thus receive no benefit from the fund or only a fraction of it. It considers that in consequence the amount of the Government contribution actually paid would be much less than the roughly estimated sum of two lakhs and that for some time to come the annual expenditure incurred by Government could not exceed $1\frac{1}{2}$ lakhs as submitted by Dr. Bourne. The union further points out that the anticipated multiplication of schools should not cause any apprehension of an over-drain on public funds and that at a time when Government are considering the question of compulsory elementary education under their control it is not reasonable to give up the scheme expecting a gradual increase in the number of elementary schools under private management.

The progressive increase in the ultimate charge on Government funds on account of the expansion of education cannot be a negligible matter as observed by the union. No doubt the total cost may not exceed two lakhs for some years. But the question is whether the Government can undertake this liability at present.

16. *Difficulty in enforcing contribution from teachers.*—In paragraph 3 of G.O. No. 418, Educational, dated 18th July

Paragraph 3 of G.O. No. 418, Educational, dated 18th July 1910.

Yes: but it would not be possible for any length of time to resist the cry for similar privileges in their case. The real question in issue is whether such teachers should not be separately provided for by an extension of the existing local and municipal provident funds, a measure the cost of which was estimated at Rs. 45,000 per annum in 1910. This seems the best course.

L. DAVIDSON—5-9-12.

We must include schools under public management.

M. H[AMMICK]—7-9-12.

This criticism is just.

L. DAVIDSON—5-9-12.

It is not negligible, but the financial difficulty is far less now than in 1910 with the prospect of enormous subsidies from Imperial funds, and recognition of the fundamental fact that the desired expansion of elementary education will be impossible unless the prospects of the teaching profession are largely improved.

L. DAVIDSON—5-9-12.

1910, the Government observed that the only method of enforcing contributions advocated by Mr. Stone, namely, to refuse recognition to managers of schools where the teachers fail to contribute, would affect the managers and not the teachers and that it was not clear how managers could compel the teachers to contribute. It was also stated that the fund could not apparently be worked without further legislation especially in the matter of getting all the schools to join the fund.

Remarks of the South India Teachers' Union and the Hon'ble Mr. T. V. Seshagiri Ayyar.—The fear expressed is merely imaginary. There is no reason to suppose that teachers would not pay the contributions since such default would be detrimental to their own interests. If necessary, a regulation making payment obligatory might be included in the educational rules and legislation may easily be effected.

The power of enforcement can be exercised by Government at present only by withdrawal of recognition from schools. As suggested, provision may be included in the educational rules making contributions obligatory. Though this will primarily affect only managers of schools, yet they can, through the power of appointment and dismissal which they possess over the teachers under them in a large measure, enforce the payment of contributions. Managers can easily make it a condition of service under them that contributions should be paid. It is not clear how far legislation will be helpful if the scheme is only to be confined to recognized institutions.

L. DAVIDSON—5-9-12.

Legislation, it is submitted, is not necessary.

L. DAVIDSON—5-9-12.

17. *Mismanagement and misappropriation by managers.*—In paragraph 4 of G.O. No. 418, Educational, dated 18th July 1910, it was observed that under the scheme proposed by Mr. Stone, there is nothing to safeguard the interests of teachers from malversation on the part of managers or mismanagement of the accounts or contributions received.

South India Teachers' Union's remarks.—Since managers would be obliged to deposit the contributions of teachers in the post office savings bank month by month subject to the control and supervision of the inspecting officers, there need be no apprehension of malversation or mismanagement. If by reason of the savings bank account standing in the name of the manager for one year it is possible that

The whole trouble and risk could be otherwise avoided, by a method of adjustment which would also greatly simplify the account work.
O. RHILLY.

Troublesome cases will no doubt arise and some managers will act dishonestly but for the most part these will only be teacher-managers whose adhesion to the fund is optional. The possibility of occasional trouble should not, it is submitted, bar the scheme. Withdrawal of recognition would always follow proved dishonesty and the fear of this penalty should act as a deterrent.

L. DAVIDSON—5-9-12.

there might be a possibility of malversation, etc., it could be prevented by an authorized inspection of accounts from time to time by inspecting officers.

The union does not fully realise the difficulty pointed out by Government. The question is not about the money once deposited in the savings bank, but relates to the point whether the money contributed by the teacher would be duly deposited in the bank. No doubt by the prescription of monthly returns and by periodical inspection and verification of accounts it may not be impossible to exercise proper control over the matter. The only question is whether it is worth while organizing the scheme at such cost and trouble.

18. *Large establishment required for working the fund.*—Paragraph 5 of G.O. No. 418, Educational, dated 18th July 1910, points out that the establishment of the scheme such as that proposed by Mr. Stone would necessitate the employment of specially trained clerks in the office of the inspecting officers, an audit by the Accountant-General and the maintenance of service registers of a large number of subscribers.

South India Teachers' Union's remarks.—These are necessary charges which could not be very considerable since the chief item of expenditure would be the pay of the clerks which according to Mr. Stone's scheme would not exceed the total number of assistant inspectors in the Presidency.

As pointed out above these charges are consequential on the organization of any scheme. Surely it will not be so light as the union contemplates it would be. It has taken into consideration only the pay of the establishment in the assistant inspectors' offices. The staff necessary at the central offices has been overlooked.

19. *Loose management of private schools.*—The Government observed that the schools under private management were so very loosely managed, schoolmasters so little under control and so independent of the managers that the scheme, if introduced, would almost certainly break down through unpunctuality in payment and irregularity in bringing into account the contributions from subscribers.

Remarks of the South India Teachers' Union and the Hon'ble Mr. T. V. Seshagiri Ayyar.—These remarks are not warranted by the actual relations obtaining between

The cost of the staff must be faced. It ought not to add a large percentage to the Government grant contemplated. An estimate might and should be framed.

L. DAVIDSON—5-9-12.

Paragraph 6 of G.O. No. 418, Educational, dated 18th July 1910.

the teachers and managers in private schools. The teacher is under the control of the manager nearly as much as an officer in public service is under the control of Government. Consequently the scheme if introduced could not break down through unpunctuality in payment, etc.

We are contemplating a large increase in our inspecting staff and must look to that quarter for the requisite control.

L. DAVIDSON—5-9-12.

It does not seem to have been ever contemplated by Government that it would be impossible to work properly any scheme. The Government seem to have only meant that a very large and efficient control would have to be exercised over the private institutions to prevent any mismanagement of the fund. No doubt the teacher in private school is as much under the control of the manager as an officer in public service, but does the manager exercise the same efficient control over the teacher as Government do? To bring the scheme into a systematic working order would naturally entail frequent searching inspection and strict control.

20. *Cost of fund could be better utilised in promoting education.*—It was observed in G.O. No. 418, Educational, dated 18th July 1910 (paragraph 6), that the establishment of a Provident fund would entail a great expenditure of public money which could be better employed in promoting educational work by increasing the grants to aided schools, by establishing more training schools and by paying higher salaries so as to attract better qualified teachers in Government schools.

Remarks of the South India Teachers' Union and the Hon'ble Mr. T. V. Seshagiri Ayyar.—The betterment of teachers in Government schools will not help the teacher in private employ for whose benefit the scheme has been devised. By the establishment of Provident fund private schools would be enabled to attract better teachers and thus improve in efficiency. The certificated schoolmaster in private as in public schools is an important factor in the public life of the country.

It is admitted on all hands that the establishment of a fund will very appreciably improve the efficiency of private schools and secure permanency in the staff—a factor very desirable in the interests of the institutions. The only point is whether the money which is needed for the establishment of a fund could not be better utilized in promoting education otherwise. Since the decision of Government in 1910, circumstances have changed

Quite so. A well managed provident fund should do much to attract good men to the teaching profession. Increased salary is not the only inducement required.

L. DAVIDSON—5-9-12.

Yes.

M. H[AMMICK]—7-9-12.

considerably. Larger assignments from Imperial and Provincial revenues have been made available for the expansion and improvement of education in various lines and the difficulty in financing a scheme is not so great now as it was then, especially if the Government of India subsidize local Governments towards the working of the scheme. They, however, in their current letter to the Government of Eastern Bengal and Assam, say that they do not hold out any hopes for the financing of the scheme, but it is not probable that they will refuse assistance if approached.

21. It will thus be seen that the question of the establishment or otherwise of a scheme of Provident fund for teachers centralises only on this financial aspect. If by any means that is overcome it does not appear that the starting of the scheme would be an impossibility. With reference to the specific call made to the Director of Public Instruction to furnish Government with an accurate estimate of the cost of establishing a fund on the lines proposed by Mr. Stone, the Director states that the annual amount required when the scheme is in full operation will be about two lakhs and that being a large overestimate will serve as a maximum which is not likely to be exceeded. It will be observed that this estimate was not framed by any professional accountant or actuary, though the Director originally invoked the aid of a firm of accountants to furnish him with estimate; but as they required detailed particulars, the collection of which would involve further delay, the Director has himself framed the estimate with the materials already available. In 1909 Dr. Bourne stated as a very rough guess that the cost to Government under Mr. Stone's scheme might eventually amount to from 1 to 1½ lakhs per annum. Please see paragraph 4 of his letter on page 19 of G.O. No. 418, Educational, dated 18th July 1910. Obviously his later estimate of two lakhs is nearer the mark. It is to be pointed out that this estimate is only in respect of the contributions payable to teachers in *private* recognised schools and does not take into consideration the teachers in schools under public management. If the latter class is also brought within the scheme, a further annual outlay of *about** Rupees 40,000 will have to be faced on that account.

*I should say "at least".

L. DAVIDSON—5-9-12.

Paragraph 4 of letter, dated 3rd July 1909, on page 19 of G.O. No. 418, Educational, dated 18th July 1910.

From the correspondence forwarded by the Government of India it will appear that the scale of contribution by the management and by Government contemplated is much lower than that proposed in Mr Stone's scheme. While the former including the Government subsidy would amount to only one-half of the depositor's contributions Mr. Stone's scheme allows as in the case of local fund and municipal service equal amount of the depositor's contribution in the case of teachers retiring under ordinary conditions. If the Government are unable to undertake at present the payment of contributions in accordance with Mr. Stone's scheme the adoption of a slightly lower scale may not perhaps so much stand in the way of the introduction of the scheme. In that case special provision will have to be made in respect of the existing establishments who are already contributing to the funds under local bodies so as to enable them to earn the contributions at the existing full rates.

C. RAMANUJACHARI—11-8-12.

Please have these notes printed in half-margin.

L. DAVIDSON—12-8-12.

The notes have been printed and the file is re-submitted.

T.K.—30-8-12.

C. RAMANUJACHARI—31-8-12.

Dr. Bourne's estimate of the cost of Mr. Stone's scheme is apparently only a rough maximum and does not do much to facilitate the solution of the financial problem. One thing is certain, namely, that Government cannot support a scheme for the formation of a Provident fund for certificated teachers in recognized institutions under private management, without simultaneously extending at least as valuable privileges to local fund and municipal teachers. In the latter case the estimated cost was Rs. 45,000 *per annum* in 1910; with additional teachers and improved pay, I have little doubt the expense would be higher in 1913 and it will certainly tend to increase steadily. I think we must face the extra outlay in both directions. Mr. Montague foreshadowed a further enhancement in the pay of elementary teachers with a minimum of Rs. 12 *per mensem*; and probably it is not intended on that score to refuse provident fund facilities. A much higher minimum is, I fancy, ultimately

Page 29 of the notes with G.O. No. 418, Educational, dated 18th July 1910.

contemplated and the necessity for the next increase will be deferred, if well managed provident funds are started at once. I would therefore push on at once simultaneously with Mr. Stone's scheme and the extension of the local fund and municipal provident funds with a ten-rupee minimum in both cases; this will very soon include all local and municipal teachers for the eight-rupee grade is sure to be abolished before long.

2. If His Excellency the Governor desires, an endeavour will be made to work out the cost of extending the local and municipal funds to that extent on the basis of the figures for 1912 or 1913, i.e., on the latest possible date.

3. The cost of Mr. Stone's scheme depends so largely on variable factors [e.g., (i) the number of certificated teachers in recognized institutions under regular management and (ii) the number of teacher-managers and their employees who may desire to join the fund, that it is a very difficult matter to forecast the outlay involved with any approach to accuracy, but I cannot help thinking the Director of Public Instruction might be able to furnish some data as to the number of contributors on which an estimate might be based.

4. The financial aspect of the case is of prime importance, but the materials for scrutiny are at present wanting, and for that reason I submit the case in the first instance to His Excellency for instructions as to the line which should be followed.

L. DAVIDSON—5-9-12.

I think we must now push on towards the establishment of some provident scheme for all teachers in public managed, aided schools and recognised schools.

2. I think we may in reply to India say that we think the formation of such a fund is desirable, and let them have Mr. Stone's scheme; we must include publicly managed schools. [The scheme proposed by Mr. Stone must be separate from the schemes for publicly managed schools.] We should try and give some basis for an estimate of cost: at present we have merely the Director of Public Instruction's word for it. We can surely work out some statistics to give us a rough idea of the cost. These should be worked out as soon as possible. Accurate estimates

Subsequent addition by His Excellency the Governor—vide Educational Secretary's note on page 21 *infra*.

are probably impossible, but we can have something to show India what kind of expense the scheme will entail upon us.

M. H[AMMICK]—7-9-12.

Statistics are not available in the office for calculating even a rough estimate of the cost of establishing a general Provident fund for teachers including those in schools under public management. The Director of Public Instruction may be requested to furnish the required statistics. A draft official memorandum is submitted for approval.

T.K.—15-9-12.

C. RAMANUJACHARI—16-9-12.

I took this file to His Excellency the Governor on the 17th instant and he made the marginal addition on page 20 recognizing that cases not included in Mr. Stone's scheme must be dealt with separately and with reference to the fact that local fund and municipal provident funds are already in existence in many districts and towns. The memorandum to the Director of Public Instruction cannot issue until Dr. Bourne (who returns to-morrow) has been informally consulted.

L. DAVIDSON—19-9-12.

To the Director of Public Instruction.

OFFICE OF THE DIRECTOR OF PUBLIC INSTRUCTION.

My own original estimate was really a rough one, but the Director of Public Instruction's estimate of the 10th June was made by Mr. Middlemast, then on special duty, after lengthy consultation with the actuary. These latter demand before giving a more accurate estimate information which might I think if we tried to secure it, contain mistakes more misleading than any error in Mr. Middlemast's calculation. I enclose a letter from that officer indicating the general lines of his calculation.

2. I would further suggest that the error resulting from a possibly huge and certainly unknown addition to the number of teachers in the near future will put altogether in the shade any error in Mr. Middlemast's calculation.

3. It seems to me that a sinking fund should be created and added to from year to year according to the number of teachers who have joined the service

during the year. This would restrict the liability to the Government of the time and would in no way bind future Governments to continue the scheme should it prove to be beyond their purse. I must admit, however, that I am somewhat out of my depth in attempting to deal with such questions.

4. I would, however, draw attention to the fact that the Government of India are at present proposing to make grants towards Provident funds and it would seem as though any contribution made now for the purpose should be earmarked and indeed invested.

A. G. BOURNE—29-9-12.

ENCLOSURE.

Demi-official—from E. W. MIDDLEMAST, Esq., M.A., Deputy Director of Public Instruction.

To—the Hon'ble Mr. A. G. BOURNE, D.Sc., F.R.S., C.L.E., Director of Public Instruction.

Dated—Madras, the 27th September 1912.

My calculation was made as follows:—

I assumed that the number who joined each year would equal the number who left, and thus got the figures 30 collegiate, 80 secondary and 220 elementary teachers as the number who would take their bonus each year.

I assumed that on an average each teacher would serve 25 years, and would therefore receive as bonus an amount equal to that standing at his credit.

Now Rs. 1 paid yearly amounts to Rs. 43½ after 25 years, interest being taken at 4 per cent.

The total yearly payments are—

RS.	RS.
30 × 48	1,440
80 × 18	1,440
220 × 7½	1,650
	4,530

∴ the amount after 25 years = Rs. 4,530 × 43½ = Rs. 1,96,300.

This is the amount which would have to be paid by Government as bonus each year when the scheme comes into complete operation, allowing my assumptions.

EDUCATIONAL DEPARTMENT.

Mr. Middlemast's demi-official to Dr. Bourne gives only the number of teachers under each grade who will every year take bonus. But it is not explained how these figures are arrived at. It is essential that information on this point should be obtained before any further action is taken.

2. The figure "30" given by Mr. Middlemast as the number under collegiate teachers represents 22 per cent. of the total number of 135 teachers who would be brought under the scheme in

Secondary teachers 80 out of 300—2·7 per cent.
Elementary teachers 220 out of 10,100—2·2 per cent.

accordance with paragraph 21 of Mr. Stone's report printed with G.O. No. 418, Educational, dated 18th July 1910. This percentage seems very high, and apparently there is some error in calculation. This point may also be cleared by a further reference.

3. A draft demi-official to Mr. Middlemast, as personally directed by the Secretary, is submitted for approval.

4. The further points raised in Dr. Bourne's u.o. note overleaf will be considered on receipt of reply to this demi-official.

C. RAMANUJACHARI—8-10-12.

L. DAVIDSON—8-10-12.

Demi-official—from the Hon'ble Mr. L. DAVIDSON, I.C.S., Acting Secretary to Government, Educational Department.

To—E. W. MIDDLEMAST, Esq., M.A., Principal, Presidency College, Madras.

Dated—Ootacamund, the 8th October 1912.

No.—1709-1, Educational.

In my demi-official to Bourne of the 27th ultimo giving some particulars of the calculations made in connection with the proposed establishment of the scheme of provident fund for the teachers of recognized schools under private management, you put the numbers of teachers who would take their bonus each year at 30 (collegiate), 80 (secondary) and 220 (elementary). I am to ask you to explain, for the information of Government, how these figures were arrived at. Your estimate of the number of collegiate teachers who would take their bonus every year represents a percentage of 22 as compared with the total number of teachers in the colleges, namely, 135, as given in paragraph 21 of Stone's report printed with G.O. No. 418, Educational, dated 18th July 1910. Surely your figure is too high.

Copy u.o. to the Director of Public Instruction.

Demi-official—from E. W. MIDDLEMAST, Esq., M.A., Principal, Presidency College, Madras.

To—the Hon'ble Mr. L. DAVIDSON, I.C.S., Acting Secretary to Government, Educational Department.

Dated—the 11th October 1912.

In estimating the number of teachers who would take their bonus each year, I took it for granted that the number who entered the profession of teaching each year would be about equal to those who left it; that the number in fact is just sufficient to make good losses by death and retirement. I assumed in short that there are a fixed number of scholastic appointments to be filled up. As a matter of fact the number is increasing, but not very rapidly, and the error due to this fact is inappreciable in a very rough approximation like mine.

The actual figures giving the number of entries each year were taken from an estimate which had been made in the office sometime previously. I forget entirely on what data the figures were based. The paper is in the file in the Director of Public Instruction's office and I can easily get permission from Stone to refer to it if you think it necessary.

You think the figure for collegiate teachers too high, but in this you seem to be under a misapprehension. Collegiate teachers are not necessarily teachers in colleges, but are those who hold certificates of the collegiate grade, i.e., those who have gone through a course of training at a teachers' college as opposed to a training school. The teachers in the higher forms of secondary schools are bound by the rules to have collegiate teachers' certificates, and there must be a great number of them employed in secondary schools in addition to the 135 in colleges.

Collegiate teachers are in fact L.T.'s and the University is turning them out at the rate of about 50 or 60 a year, the majority of whom enter schools. I don't think at 30 is an over-estimate.

EDUCATIONAL DEPARTMENT.

Page 22 *supra*.

Please see His Excellency's note, dated 7th September 1912, on page 20 *supra*. Statistics are necessary to show how Mr. Middlemast's figures have been arrived at. In his demi-official to Dr. Bourne, Mr. Middlemast gives only the number of teachers who will take their bonus every year. Information is required as to what is the *total* number of teachers under each grade under actual employ, how Mr. Middlemast's figures have been deduced therefrom, and what proportion the latter bear to the total. Mr. Middlemast's last demi-official shows that the total figures, as given in paragraph 21 of Mr. Stone's report printed with G.O. No. 41, Educational, dated 18th July 1910, and the classification of teachers as given therein, have not been adopted in his calculations. The new figures employed by him may be called for. A draft demi-official is submitted below :—

Demi-official—from the Hon'ble Mr. L. DAVIDSON, I.C.S., Acting Secretary to Government, Educational Department.

To—E. W. MIDDLEMAST, Esq., M.A., Principal, Presidency College, Madras.

Dated—Madras, the 28th October 1912.

No.—2761-1, Educational.

With reference to your demi-official, dated 11th October 1912, I am directed to ask you to furnish the data on which your figures regarding the number of teachers who would take their bonus every year were based. The total number of teachers and their classification, as given in paragraph 21 of Mr. Stone's report printed with G.O. No. 418, Educational, dated 18th July 1910, being different from the data upon which your calculations are based, it seems expedient to justify your conclusions by explicit reference to the statistics relied on.

C. RAMANUJACHARI—18-10-12.

I don't think it is worthwhile worrying further as to the figures adopted by Mr. Middlemast. What is wanted now is the information called for by His Excellency, page 20 *ante*; i.e., we want statistics under publicly managed, aided schools, and recognized schools of the number of teachers of various grades, the number who will take their bonus every year and the annual expenditure that will involve, etc. The office will carefully work out the information that is required to give "a rough idea of the cost" and draft a memorandum which should be placed before the Secretary. I am too pressed for time to work it out myself.

T. F. MOIR—18-10-12.

The Deputy Secretary has, I think, not quite understood the position. His Excellency desired that Mr. Stone's scheme should go forward to the Government of India as a separate matter. The

letter may refer to provident funds for public institutions, but only in general terms. We cannot justify the estimate of the cost of Mr. Stone's scheme until Mr. Middlemast has supplied further data. The demi-official to him must therefore issue.

L. DAVIDSON—26-10-12.

Print.

L. DAVIDSON—26-10-12.

Demi-official—from E. W. MIDDLEMAST, Esq., M.A., Acting Principal, Presidency College, Madras.

To—the Hon'ble Mr. L. DAVIDSON, I.C.S., Acting Secretary to Government, Educational Department.

Dated—Madras, the 3rd November 1912.

The total number 330 which I took to be the average number of certificated teachers who entered the profession annually had been calculated in the Director of Public Instruction's office as follows :—

	No.
Certificated teachers in service in 1911-12 (calculated from a special return)	15,807
Certificated teachers in service in 1906-07 (calculated from annual returns)	14,157
Increase in five years	1,650
Average increase per year	330

This total was distributed among the three grades by conjecture.

Paragraph 1 of his demi-official, dated 27th September 1912, on page 22 *supra*.

The notes have now been printed.

Mr. Middlemast's calculations start on the assumption that the number of teachers who retire every year will be equal to the number who join it. The latter figure was arrived at by striking an average per year from the difference between the total number of certificated teachers in service in 1906-07 and in 1911-12. The distribution of the number of teachers thus calculated among the three grades has been made by "conjecture." There seems to be no hope of obtaining any further calculations.

The further working which leads to the rough estimate of two lakhs is given at A in Mr. Middlemast's demi-official on page 22 *supra*.

Vide paragraph 2 of Sir Murray Hammick's note on page 20 above.

2. Before a reply to India is made on this subject, it seems necessary to consider the proposal of the Director of Public Instruction in paragraph 3 of his note, dated 29th September 1912, on pages 21-22 *supra*. In this he suggests that a fund should be created and added to from year to year according to the number of teachers who have joined the service during the year. The object of this suggestion is to give the Government a free hand to withdraw from the scheme at any time they choose. Under paragraph xxv of Mr. Stone's scheme no such piecemeal contribution is deposited, but a lump sum

Page 11 of G.O. No. 418, Educational, dated 18th July 1910.

to be determined according to the scale prescribed in the scheme is to be paid when the contributor's account is closed. All the calculations that may have been made by Mr. Middlemast have proceeded with this rule as the basis. Dr. Bourne's suggestion is the same as that now being adopted in respect of provident fund schemes in force in local funds. Under rule 8 of the Provident Fund rules given under article 272 of the Local Fund Code, the bonus from the district board should be credited to the account of the subscriber before a fixed date in each year.

3. In calculating the amount of bonus payable according to Dr. Bourne's suggestion, figures as to the number of persons who will retire in each year will therefore be of no avail. The bonus will have to be calculated on the total number of teachers who will be in service in each year. Mr. Middlemast gives this number for 1911-12 as 15,807. On the same proportion as that adopted by him in determining the number of teachers who will retire annually under the three different grades, the total number of teachers in service will distribute itself as follows under these heads:—

	RS.
Collegiate	1,437
Secondary	3,832
Elementary	10,538
	15,807

The contributions payable by these teachers will amount to Rs. 2,16,987 according to the rates recommended on page 9 of G.O. No. 418, Educational, dated 18th July 1910. Assuming that the bonus payable will be equal to the amount contributed by the teachers, the total amount of bonus will come to a similar amount (Rs. 2,16,987). This sum is far in excess of the original outside estimate of 2 lakhs, because it assumes that every teacher who retires would be eligible to the maximum amount of bonus payable and does not take into account the case of those who will break off from service at earlier periods. Dr. Bourne's suggestion will thus amount to a credit of the entire amount in the first instance and a subsequent recovery where lapses occur on account of broken service or other causes. This procedure is now being adopted in the case of local funds. It is not known whether there will be any objection from the point of view of the

	RS.
$1,437 \times 48 =$	68,976
$3,832 \times 18 =$	68,976
$10,538 \times 7\frac{1}{2} =$	79,035
	2,16,987

Financial department to this proposal, if the scheme were a *direct* Government subsidizing scheme.

4. It has however been decided in the case of *local bodies* to adopt the suggestion of the Government of India to require the local body to pay the entire contribution and to take that payment into account when granting subsidies, but the case of local bodies is not to be taken up for detailed consideration now. It is not free from doubt whether it is intended to apply this procedure to schools under private management also. The Government of India's suggestion was applicable to both classes of schools. If it is contemplated to adopt the same course in the case of private schools also, then it will have to be stipulated that when lapses occur at the end of service such amounts or such portions of them should be credited to Government as the whole or portion of the bonus would have come from provincial funds.

5. If it is considered unnecessary to wait to determine this point the scheme prepared by Mr. Stone may be forwarded to the Government of India.

C.R.—11-12-12.

I think it is unnecessary. The scrutiny of the Financial department is the next stage and the sooner we get to that the better. The simplest way of putting the issues before Financial will be to crystallize the outcome for these notes into a draft reply to India, which should now be prepared.

Meanwhile I should like two spare copies of notes and current for further discussion with Director of Public Instruction.

L. DAVIDSON—23-12-12.

A draft letter to the Government of India is submitted for approval.

2. The file may now be forwarded to the Financial department.

3. A spare copy of the current and notes is also placed below. Another spare set has been forwarded to the Private Secretary to His Excellency the Governor.

C.R.—17-1-13.

The draft represents the *substance* of the reply proposed by Educational; the *form* will require radical revision, but I

Marginal note against paragraph 12 on page 12 *supra*.

This would complicate the calculation of annual liability to Government. The lapses must be to the *fund*, the annual liability being almost a fixed quantity, slowly increasing with the annual increase in the number of recognized teachers.

C. REILLY.

This may be utilized whether Director of Public Instruction has seen it for the purpose of working out further the scheme for the extension of provident funds for educational employees under all local boards and municipal councils. We wish to know the cost on the latest data available.

See paragraph 2 at page 20 *supra*.

L. DAVIDSON—27-1-13.

do not propose to delay a file already kept back too long for the purpose of revising a draft which may or may not represent the final views of Government. The case may go at once to Financial. The data for financial scrutiny are not as complete or clear as could be desired, but they are the best that Educational has been able to collect.

L. DAVIDSON—27-1-13.

FINANCIAL DEPARTMENT.

The case relates to the establishment of a *single general provident fund* for the benefit of all *qualified or certificated* teachers in *recognized* institutions under private management, the fund being controlled by Government (in the Educational department). The Educational department propose to take up separately the question of creating provident funds for the benefit of teachers in institutions under the control of those individual local boards and municipalities which are at present unprovided with them and consider that these funds, which will be under the control and management of the local bodies concerned, should not be incorporated with the general provident fund proposed for private institutions. The scheme now under consideration is thus confined to *private* institutions and, even among those, only to *qualified or certificated teachers in recognized schools*.

G.O. No. 418, Educational, dated 18th July 1910.

Ibid.

2. A scheme for the above purpose with a set of draft rules was formulated in 1909 by Mr. J. H. Stone. It was, however, decided by Government after a full consideration to drop the proposal in view of the trouble and expense involved in giving effect to the scheme.

In their Education department letter, dated 24th July 1911, the Government of India ask for an expression of opinion as to the desirability of creating a provident fund for teachers and for a rough scheme of the arrangements involved, containing a general estimate of the number of teachers likely to be affected of the grades of pay, of the contributions to which committees or boards would be liable, and of the enhanced expenditure which would be thrown upon local Governments.

The Educational department propose to forward, for the information of the Government of India, the scheme (with the draft rules) drawn up by Mr. Stone in 1909.

3. Attention is in this connection invited to the following extracts from the recent Resolution of the Government of India, No. 301-C.D. (Education), dated 21st February 1913, containing an outline of the general policy in the matter of education :—

"Paragraph 11.—For guidance in the immediate future, with the necessary modifications due to local conditions the Government of India desire to lay down the following principles in regard to primary education :—

"(vi) Trained teachers should receive not less than Rs. 12 per month (special rates being given in certain areas); they should be placed in a graded service; and they should either be eligible for a pension or admitted to a provident fund.

"Paragraph 53.— The Government of India attach the greatest importance to the provision for the old age of teachers, either by pension or provident fund. Teachers in Government institutions and, in some areas, teachers in schools managed by local bodies are eligible for these privileges. But it is necessary to extend the provision in the case of board and municipal servants and still more in the cases of teachers of privately-managed schools, for the great majority of whom no such system exists. It is not possible to have a healthy moral atmosphere in any schools, primary or secondary, or at any college when the teacher is discontented and anxious about the future. The Governor-General in Council desires that due provision for teachers in their old age should be made with the least possible delay. Local Governments have already been addressed on the subject."

It will be seen from the foregoing extracts that the Government of India have now recognized the necessity of establishing provident funds for teachers with the least possible delay. The only questions to be decided are therefore (1) the constitution and working of the provident fund proposed to be created; and (2) the financing of the expenditure involved.

4. The scheme proposed by Mr. Stone is for the establishment of a single general provident fund for the benefit of all qualified or certificated teachers in

Constitution and working of the Provident Fund.

Vide page 4 of G.O. No. 418, Educational, dated 18th July 1910 (paragraph 9).

Paragraph 2 (1) of Government of India (Education) letter No. 1057, dated 24th July 1911.

Concluding portion of note on draft rules on page 8 of G.O. No. 418, Educational, dated 18th July 1910.

Paragraph 18 on page 16 *ante*.

G.O. No. 418, Educational, dated 18th July 1910.

Paragraphs 17, 30 and 31 on pages 5—7 *ibid*. Paragraph 31 *ibid* and paragraph 272 of Local Fund Code (pages 88—93).

According to rules relating to local fund provident fund institutions.

(a) The fund shall be formed out of, and maintained by, (1) contributions from subscribers, (2) bonuses from the district board, and (3) interest derived from investments.

[Rule 4 on page 89 of the Local Fund Code.]

(b) Contributions from subscribers shall be levied at the uniform rate of one anna in each whole rupee.

[Rule 5 *ibid*.]

recognized private institutions to be controlled by the Educational department of Government.

The Government of India also consider that the funds should be under the direct management of Government and incorporated in a general provident fund for educational employees in non-pensionable service.

According to Mr. Stone, the working of the fund will be supervised by the inspecting agency who will be provided with specially trained clerks. There will also be an additional staff of clerks in the Central offices—Accountant-General's office and other head offices. An estimate of the cost of the extra staff has not yet been framed—Educational Secretary's marginal note, dated 5th September 1912, on page 16 *ante*.

5. Mr. Stone's scheme purports to be based on the English Elementary Teachers Superannuation Act of 1908. The draft rules prepared by him are almost the same as those now in existence for provident funds maintained by local boards with certain modifications which are noted on below :—

Rules framed by Mr. Stone.

The fund shall be formed out of, and maintained by, (1) contributions from teachers, and (2) interest thereon derived from investments.

[Rule III on page 8 of G.O. No. 418, Educational, dated 18th July 1910.]

NOTE.—The bonus from Government is not to be paid to the credit of the fund.

Contributions shall be paid by teachers at rates based on a payment of one anna in the rupee on the average pay of teachers of each grade so far as this can be ascertained, and these rates shall be subject to modifications by Government as necessity arises.

These rates shall be called the normal rates and shall be—

Grade.	Contribution per annum.
	Rs.
I grade, collegiate	48
II grade, collegiate	33
Upper secondary	18
Lower secondary	10
Elementary	7½

[Rule X on page 9 of G.O. No. 418, Educational, dated 18th July 1910.]

These rates are only provisional and it is not clear if any material increase will have to be made when the scheme is given effect to.

According to rules for local fund provident institutions.

(c) Subscriptions shall be deducted from the monthly pay bills, and the treasury officer shall disburse the net amount of the bills and carry the deduction to the credit of the provident institution.

[Rule 6, page 89, of Local Fund Code.]

Rule 42 on page 102 of postal guide (*not* put up).

(d) The bonus from the district board shall be equal to the sum contributed by each subscriber during the year . . . and shall be credited to his account, if possible, before the 31st March or whenever an account is closed under rule 12.

[Rule 8, Local Fund Code.]

(e) When a subscriber retires, he shall in addition to his subscriptions and interest thereon be paid the whole or a proportion of his bonus account—

After 25 years' service . . . the whole of the bonus account.

After 10 years' service and before 25 years' service. Proportion of the bonus account varying from ¼ths to ¾ths according to the number of years of completed service.

[Rule 14 on page 91 of Local Fund Code.]

Rules framed by Mr. Stone.

The monthly subscription is to be paid in the Post Office Savings Bank.

Between the 15th and 30th June in each year the amount already paid in the Post Office Savings Bank will be withdrawn and paid to the nearest Government treasury to the credit of the provident fund.

It seems doubtful if the procedure will be in accordance with Post Office Savings Bank rules. It is not clear why payments should not be made to the treasury every month.

[Paragraph 32 on page 7 of G.O. No. 418, Educational, dated 18th July 1910. Rule XXV on page 11 *ibid*. Appendix F on page 18 *ibid*.]

The bonus from Government is not to be credited to the fund every year. When a teacher's account is closed, he will be paid a bonus which will be a proportion, depending on his length of service, of the sum due to him (*i.e.*, his subscription and interest thereon).

After 10 years' service and before 20 years' service. Proportion of the sum to a teacher's credit varying from ¼ths to ¾ths and to the number of years of complete service.

After 21 years' service and before 25 years' service. Proportion of the sum to a teacher's credit varying from ¼ths to ¾ths and to the number of years of complete service.

[Rule XXV (2) on page 11 of G.O. No. 418, Educational, dated 18th July 1910.]

Please see paragraph 32 of Mr. Stone's letter on page 7 of G.O. No. 418, Educational, dated 18th July 1910, and paragraphs 2 and 3 of Educational office-note on pages 25—27 *ante*. Mr. Stone's proposal that the bonus from Government need not be credited every year to the account of each subscriber would simplify the keeping of accounts and seems unobjectionable and may be accepted.

In regard to the amount to be paid as bonus, it is proposed to follow the Madras Local Board's Provident Fund rule according to which the bonus will be equivalent to the depositor's contribution (and interest thereon) when a teacher retires under ordinary conditions. It will, however, be seen that in the Local Boards Provident funds in Eastern Bengal and Assam the bonus from the district board is only one-half of the depositor's subscription.

As, however, the bonus under the Madras Local Boards Provident Fund rules which are applicable not only to teachers in local fund employ, but also to al

The reverse would be the case.

C. REILLY.

Rule 3 on page 88 of Local Fund Code.

permanent officers and servants of the local boards is an amount equal to depositor's contribution, it does not seem advisable to adopt a lower scale, *i.e.*, to reduce the already existing scale in the case of teachers in local board institutions. The same treatment should apparently be accorded to teachers in private institutions. The extra cost which will have to be incurred by Government in the payment of bonus will no doubt be reduced by adopting the lower scale in force in Eastern Bengal and Assam; but it is submitted that the adoption of the higher scale, *i.e.*, the scale now in force in the case of local board employees in this Presidency, which will be a concession, will indirectly prove economical by preventing any undue increase in the salaries of the teachers and the consequent increase in the payment of teaching grants.

Mr. Stone has suggested a slightly enhanced scale of bonus to teachers of between 21 years and 25 years' standing. Submitted that there seems to be no need to adopt the enhanced scale and that the scale in the Local Boards Provident Fund rules may be adopted.

6. It is submitted that it seems preferable to consult the Accountant-General as to whether he anticipates any practical difficulties in the working of the scheme. He may also be requested to favour Government with his opinion on the proposals generally.

If any difficulty is anticipated in practical working, an alternative course seems to be to ask each district board to be the recipient and manager of the subscriptions from teachers in private institutions situated within its area, the accounts of these teachers being kept separate from those of the teachers in institutions under the control of the local boards. The extra expenditure which will be incurred by the district board will be made good by Government and the previous consent of each local board to the arrangement will also be necessary—*vide* section 97 of the Madras Local Boards Act.

7. As observed by the Educational Secretary, the data for financial scrutiny are not as complete or clear as could be desired. The ultimate extra cost of the scheme [the scheme is confined only to teachers in recognized private institutions and leaves out for separate consideration teachers in local fund and municipal schools where the number of elementary

Cost involved and financing of the scheme.

Page 28 *ante*.

Page 22 *ante* and page 26 *ante*.

Pages 22 and 26 *ante*.

school teachers has increased materially of late and will increase still more in future] is roughly calculated at about 2 lakhs *per annum*, as shown below:—

A If bonus from Government be paid every year to the credit of the Provident fund (this is the rule in the Madras Local Boards Provident Fund (page 26 <i>ante</i>)).				B If bonus is left to be paid by Government at the time of the closing of a subscriber's account (Page 22 <i>ante</i>). A scheme open to many practical objections.			
		Cost <i>per annum</i> , Rs.				Cost <i>per annum</i> , Rs.	
1,497	Collegiate grade at Rs. 48 <i>per annum</i> (teachers)	88,976	30	Collegiate at Rs. 48 <i>per annum</i> ..	1,440		
3,832	Secondary at Rs. 18 <i>per annum</i> ..	68,976	80	Secondary at Rs. 18 <i>per annum</i> ..	1,440		
19,638	Elementary at Rs. 7½ <i>per annum</i> ..	79,035	220	Elementary at Rs. 7½ <i>per annum</i> ..	1,650		
* 15,807	Total yearly payment by Government as bonus.	2,16,987	330	Total yearly payment ..	4,530		
				The payment after 25 years, allowing compound interest at 4 <i>per cent</i> (page 21 <i>ante</i> .)	1,96,300		

* This is the total number of qualified teachers in private institutions, in 1911-12 (page 26 *ante*) and the distribution of the number among the three grades follows the distribution made by Mr. Middlemast by conjecture (page 25 *ante*).

8. It has been noted that it would be simpler if the procedure at (B) above were adopted. The cost to Government would amount ultimately to 1.96 lakhs *per annum*. The calculation has been made by Mr. Middlemast and proceeds on the following assumptions:—

(1) On an average each teacher would serve 25 years and would therefore receive from Government as bonus an amount equal to the sum standing to his credit.

(2) The number of teachers who joined the service each year would equal the number who left. The total number of qualified teachers in private institutions in 1906-07 was 14,157 and rose to 15,807 in 1911-12, *i.e.*, there was an increase of 1,650 in five years or an average annual increase (or casualty) of 330. This casualty number of 330 has been by conjecture distributed among the several grades thus:—

Collegiate	30
Secondary	80
Elementary	220
Total	330

This method is not correct. For example, suppose the number of teachers in 1911-12 was the same as that in 1906-07. According to Mr. Middlemast, there would have been no casualty during the quinquennium. The correct method seems to be to calculate the number of trained teachers of all grades in private institutions who entered the profession during

five years (it is preferable to take a longer term) and to deduct therefrom the increase in the number of qualified teachers in that period. The balance will represent the number of casualties (death, retirement, resignation, etc.) on the total number of qualified teachers at the beginning of the period taken for calculation; and this will give a percentage of casualties. This percentage should be applied to existing number of teachers.

Even then no allowance will be made for any increase in the number of teachers in future.

Moreover the above calculations do not take into account the charges on account of the establishment necessary in the mufassal and head offices. They are based on the normal rates of contributions proposed by Mr. Stone for each grade of teachers and any increase in these rates will materially affect the expenditure to be borne by Government.

9. The financial effect cannot thus be worked out with any approach to accuracy on the data furnished by the Director of Public Instruction. It may, however, be very roughly stated that if the normal rates of contributions are retained, the cost will not far exceed 2 lakhs *per annum* when the scheme is in full operation, assuming that the bonus by Government is not to be credited every year to the Provident fund account.

In the case of local board and municipal schools the Educational Department propose to take this up separately. The cost to Government is roughly calculated by Educational at 45 lakh *per annum*. But this will have to be raised in view of the large number of elementary school teachers (mostly under the control of local bodies) who have been entertained during the last few years and of the still larger number who will be employed in the near future.

10. The scheme being one which has been pressed on the local Government by the Government of India as a result of their general policy in the matter of education, it should be financed mainly from Imperial revenues. The institution of provident funds does not seem to be one of the objects for which the recurring grant of 6-80 lakhs *per annum* recently sanctioned by the Government of India from 1913-14 onwards is intended. The Government of India do not hold out hopes in regard to future recurring Imperial

Paragraph 2 on page 21 *ante*.

Paragraph 18 on page 16 *ante*.

Rule X on page 9 of G.O. No. 418, Educational, dated 18th July 1910.

A practically unworkable system.

C. REILLY.

Page 21 *ante*.

Page 19 *ante*.

Paragraph 6 of Government of India Resolution No. 27-E., dated 18th May 1912, on page 5 of G.O. No. 656, Financial, dated 25th October 1912.

Telegram from Government of India (Education), No. 444-C.D., dated 11th March 1913, on page 4 of G.O. No. 202, Financial, dated 12th March 1913.

Paragraph 13 of the Honourable the Financial Member's speech.

assignments on account of education. It is therefore submitted for orders whether the Government of India may now be informed that the scheme would be introduced if they would undertake to finance the scheme and that details of its constitution and working and a more accurate calculation of the extra cost would be worked out completely on receipt of their reply.

Submit in Ootacamund.

C. REILLY.

V.G.K.—17-3-13.

Subject.

Points raised in the Government of India's letter.

This case deals with the proposals to extend to certificated teachers in private recognized schools the advantages of a provident fund. The question has been raised in the Government of India's letter No. 1057, Education, dated the 24th July 1911, the reply to which is now under consideration.

2. The points raised in the Government of India's letter are—

(1) Whether the fund should be under the direct management of Government.

(2) Whether the usufruct of the fund should be at the disposal of the Government of India.

(3) Whether the bonus should or should not be wholly given by the management (or by the local body), the Government taking this fact into consideration in making grants-in-aid to schools.

(4) The exclusion of teachers below Rs. 10 from the benefits of the fund.

(5) The institution of a sliding scale of contributions, instead of subscriptions according to a percentage of salary, in the case of low-paid teachers, *e.g.*, teachers drawing from Rs. 10 to Rs. 15, to contribute Rs. 1 *per mensem*.

(6) The submission by the local Government of a rough scheme of practical arrangements in connection with the constitution of such funds to be forwarded for the information of the Government of India. Such a scheme to show—

(a) a rough estimate of the number of teachers;

(b) the grades of pay of teachers;

(c) the amount of contributions from the management, the local body, etc.; and

(d) the enhanced liability to be thrown on local Government.

(7) Subscriptions to be compulsory upon the teachers.

(8) Estimate of the ultimate cost of the scheme when extended to its full limits.

(9) Whether the institution of such Provident fund is desirable or not.

(10) Finally, the Government of India hold out no hopes of meeting any part of the cost from Imperial funds.

Lines of Educational Department's proposed Reply.

Paragraph 3 on pages 2 and 3 of draft.

* Pages 8—11 of G.O. No. 418, Educational, dated 18th July 1910.

Pages 8 of draft.

Serious practical and Financial difficulty in the working of Mr. Stone's scheme.

Pages 20 (paragraph 6) of G.O. No. 418, Educational, dated 18th July 1910.

Rules III and XXV (2) on pages 8 and 11 of G.O. No. 418, Educational, dated 18th July 1910.

Rule X on page 9 *ibid.*

Rules XVIII to XX on page 10 *ibid.*

† Page 8 *ibid.*

‡ Cf. Rule 4 of Local Fund Provident Rules (page 89 of Local Fund Code) and Rule 6 of State Railways Provident funds (page 194 of State Railway open Line Code, Vol. II).

3. The substance, though not the form of the reply, which Educational propose to send, is contained in the draft placed below. Educational propose to commend a scheme drawn up by Mr. Stone in 1909* as embodying the practical arrangements which this Government are disposed to introduce in this Presidency. They then explain how far the points suggested by the Government of India have been adopted in Mr. Stone's scheme and how deviations therefrom are justified by local circumstances. In the last but one paragraph, they deal with the question of financial liability involved which they propose to put at about 2 lakhs *per annum*.

4. The draft rules which are to govern the working of Mr. Stone's scheme are set out at pages 8 to 18 of G.O. No. 418, Educational, dated 18th July 1910. They are discussed by Mr. Stone on pages 3-8 of the same Government Order.

In 1910 the scheme was condemned as unworkable as it "would certainly break down from unpunctuality in payment and irregularities in bringing to account the contribution from subscribers." A careful examination of the detailed rules of Mr. Stone's scheme reveals other serious defects and raises considerable doubts as to whether they should now be put forward as the basis of a practical working scheme. The principal of these defects appear to be—

(a) the defective constitution of the fund whereby the liability thrown on Government in respect of its contribution to the scheme is made unnecessarily heavy as well as uncertain and fluctuating, instead of being more or less certain and steady;

(b) the unsatisfactory criterion for regulating the contributions of subscribers, which seems to deprive the scheme of much of its usefulness in providing an adequate benefit on retirement from the profession; and

(c) want of satisfactory provision in the matter of accounting and audit.

5. *Constitution of the fund—Rule III † of Mr. Stone's rules*—In all ‡ public Provident funds on a bonus basis, the bonus is calculated and contributed at least yearly, so that the fund is constituted of—

- (1) subscriptions,
- (2) bonus paid at least annually; and
- (3) interest accruing on the investment of (1) and (2).

* Rule III on page 8 of G.O. No. 418, Educational, dated 18th July 1910, and paragraph 32 on page 7 *ibid.*

* *Ibid.*

Cf. Rules 4 and 9 of Local Fund Provident Rules (pages 89-90, Local Fund Code).

Rule XXV (2) on page 11 of G.O. No. 418, Educational, dated 18th July 1910.

Rule XXI on page 10 *ibid.*

Rule XXII on page 10 *ibid.*

Cf. Rule X on page 9 *ibid.*

The constitution of Mr. Stone's Provident fund is to be formed out of, and maintained by, subscriptions by or on behalf of teachers and the interest thereon. Bonus is excluded. This seems a radical defect in Mr. Stone's scheme and one in which it differs markedly from all other schemes providing a bonus benefit. The justification* is apparently simplification of accounts. *Per contra*, there are two serious objections, viz:—

(1) that by this arrangement the *bonus* is not made to breed its own interest, as by an annual payment of bonus into the fund the proceeds of which are invested from year to year. Thus, at the end of a subscriber's long term of service, the Government is suddenly called upon to pay the accumulated bonus and compound interest thereon. This adds to the liability of Government by the compound interest on the amount of *bonus*. In the case of *subscriptions*, the funding of subscriptions breeds interest which is credited to the subscribers' subscription account; and this should also be the case with *bonus*. Otherwise, the liability thrown on Government is unduly heavy, to counteract which the rates of contribution have had to be whittled down to an extent which seriously impairs the value of the benefit of the scheme to the subscriber. To put it in another way the same sum confers a larger benefit when paid as *bonus* annually than when paid at the end of service as *bonus* and interest.

(2) the second objection is that, by the postponement of the payment of *bonus* till the end of a subscriber's service, the gross liability in any year on account of *bonus* is not calculable with the same approximation to accuracy as in the case of an annual contribution; and the charge therefor is converted from a steady one not differing markedly from year to year to a very fluctuating liability. It has been calculated that the *average* liability is about two lakhs *per annum* under Mr. Stone's scheme. This however is only an *average* and the data are admittedly defective and arbitrary. The liability may in any year be anything, say, from half a lakh to four lakhs. This would be a disturbing factor in budgeting which might well be avoided. With an annual crediting of *bonus*, the liability is readily estimable without troublesome actuarial calculations, since it will

Rule XXV (2) and Appendix F on pages 11 and 18 of G.O. No. 418, Educational, dated 18th July 1910.

Cf. paragraph 2 of Director of Public Instruction's note, dated 29th September 1912, on page 21 *ante*.

* Paragraph 13 of Revised Financial Statement for 1913-14.

Para 4 (b) on page 36 *ante*.

† Rule 5 of Local Fund Provident rules (page 89 Local Fund Code).

Rule 5 of State Railway Provident Fund (page 194 of State Railway Code).

Rule 7 of General Provident Fund Rules (page 4 of G.O. No. 428, Financial, dated 9th July 1912).

‡ Rule X on page 9 of G.O. No. 418, Educational, dated 18th July 1910.

§ Paragraph 28, on page 6 of G.O., No. 418, Educational, dated 18th July 1910.

Rule 5, page 89, Local Fund Code.

Cf. portion Z on page 23 *ante*.

be the equivalent, or a fraction, of the amount of annual subscriptions, a quantity readily ascertainable, once the total number of subscribers and their rates of pay are known. This will be a more or less steady figure, since it may roughly be taken that the annual increment of new schools will be offset by the decrement due to the policy of taking over teacher-manager schools as public* institution, which are outside the scope of the proposed fund and will be provided for by the provident funds of local bodies.

It seems therefore necessary to modify the scheme so as to bring the constitution of the fund into line with that of other public provident funds, *i.e.*, to credit the bonus annually to the fund, whereby the liability is (1) reduced to a minimum, its investment breeding the interest to be paid on it, (2) is readily calculable and (3) remains at a fairly constant figure which may be readily budgeted for.

6. *Rates of Contributions by Subscribers.*—In all† existing public provident funds, whether on a bonus basis or otherwise, the subscriber's contribution is a percentage of salary. In Mr. Stone's scheme the rates of contributions are to depend‡ upon the quality of the certificates which the teachers hold irrespective of the salaries paid to them. This again is defended § in the interest of the simplification of accounts. In the Educational department draft to India (paragraph 9) the suggestion of the Government of India of adopting a sliding scale for low-paid teachers is said to have been met by Mr. Stone's scheme of grading the contributions according to the certificates possessed by teachers. It is submitted that it goes beyond this and seriously impairs the value of the benefit of the fund to the subscriber. For instance, Rs. 4 *per mens-em* seems a very small contribution from a teacher on say Rs. 250 in a private college. In the local board provident fund, such a person would have to subscribe at the rate of Rs. 15-10 *per mens-m*. To persons so circumstanced, the practical benefits to be derived from such a fund must appear to be of very small value indeed and a very insufficient provision against their retirement. At the same time, since the contribution depends upon the certificate, and the employment of holders of first grade college certificates in high schools is not unknown, it might turn out that a man

Cf. portion Z on page 23 *ante*.

drawing Rs. 30 a month may have to subscribe Rs. 4 monthly instead of Rs. 1-14-0 if the rate of contribution were at 1 anna in the rupee. Similar remarks apply more or less in the case of the other grades.

To sum up, the making of the subscriber's contribution depend upon the grade of certificate held seems to result in a great inequality in the burden of contributions between individual subscribers holding the same grade of certificate, being much too low in the case of some and too high in the case of others. It cannot be said to be the equivalent of properly constructed sliding scales, which themselves seem only suitable to the very lowest* grades of pay, and then only in the case of a single central fund for the whole Presidency.

It may be remarked that the Government of India seem to have in view one big imperial provident fund for each province, of which they will have the usufruct. The Government of India propose their sliding scale for teachers on *low pay only* and apparently did not contemplate its extension to the higher grades. No difficulty is being felt on this score in the extension of the benefits to the local fund provident institutions to local fund elementary schoolmasters. Under a scheme by which the accounts of subscribers could be kept *by each district*, the number of accounts per district would average about 600 apiece; and there would not be the same argument for a sliding scale as in the case of a single central fund of 16,000 subscribers. Further, if the rules in this particular are assimilated to those prevailing in the local fund provident institutions, it would tend to facilitate the transfer of private teachers to local fund institutions an increasingly frequent event.

It may also be mentioned that the Hon'ble Mr. Seshagiri Aiyar advocates subscriptions being calculated at a percentage rate of the actual or assumed pay drawn.

Again if this were done, there would soon be a tendency for the pay reported to be paid to teachers approximating to that actually paid to them.

7. *Account and audit including Procedure for the recovery and bringing of subscriptions to account in the fund*—(Rules XVIII and XIX). These rules

The total number of certificated teachers throughout the Presidency in private recognised schools is 15,807.

Average per district is about 600.

Rule 5 on page 89, Local Fund Code.

Rule XXIII (3) on page 11 of G.O. No. 418, Educational, dated 18th July 1910.

Page 578 of Legislative Council Proceedings of 2nd April 1913.

Page 20 (paragraph 3) of G.O. No. 418, Educational, dated 18th July 1910.

Para. 4 (c) on page 36 *ante*.

Page 10 of G.O. No. 418, Educational, dated 18th July 1910.

seem open to serious objection. They provide for the actual recovery of cash subscriptions by each manager from each teacher, a monthly trip by each manager or his agent to some post office, the periodical opening and closing of an account in the post office, the distribution of the post office interest on the consolidated account proportionately for each teacher and a trip to the nearest Government treasury at least once a year. It is submitted that, having regard to the small amounts involved, this repeated actual handling of cash on several occasions before it finally comes into the Government Treasury provides innumerable opportunities for loss, mistakes, petty embezzlements or fraud, as well as interminable correspondence with regard thereto. It will be observed that in the case of teacher-managers, the withdrawals from the post office shall be paid to the Government to the credit of the fund by book adjustment. This means bringing in the post office account department, a consolidation of adjustments by the Controller of Post Office Accounts for each circle and the institution of exchange account with the civil Accountant-General.

It seems necessary to simplify this procedure and to avoid the actual handling of cash as far as possible. In the case of Local Provident Funds, there is no actual recovery of subscriptions in cash but the whole transaction is managed purely by paper adjustments.

This cannot be done entirely in the case of recognised private schools, as there are a certain number of these which are *not aided*. But the number of unaided recognised schools is a comparatively small minority, less than 25 per cent. of the total number of recognized schools. It may perhaps be presumed in the case of these unaided schools that they are in a good financial position and under efficient and reliable management. The actual recovery and remittance of subscriptions in cash may, it is thought, be confined to these financially sound and better managed *unaided* institutions, the managers of which may perhaps be supposed to be above the malpractices described by Mr. Francis in his note on page 16 of notes to G.O. No. 418, Educational, dated 18th July 1910. For the remaining *aided* institutions, which would constitute the by far greater majority, cash recovery and remittance might

Rule XIX on page 10 of G.O. No. 418, Educational, dated 18th July 1910.

Rule 6 on page 89 of Local Fund Code.

Page 69 (column 4) of report on Public Instruction, volume I:—

	Aided.	Unaided.
Colleges	22	3
Secondary schools ..	324	21
Elementary schools ..	15,946	4,402
Total ..	16,292	4,426

* Cf. Honourable Member's speech on page 561 of Legislative Council Proceedings of 2nd April 1913.

be entirely avoided by adjusting the subscriptions due against the grant-in-aid to be paid by Government. There seems to be no insuperable practical difficulty in such a system of adjustment, which might be done quarterly*.

It would be necessary for the manager of every recognized institution to send at the beginning of each year a statement to the District Educational authority showing the name of each teacher employed and the rate of salary paid to him; and to intimate to the same authority immediately any changes in the above statement from time to time as they occur. From this statement, the District Educational authority would prepare a quarterly adjustment voucher in which an amount of aid for aided institutions would be adjusted against the institution equivalent to the subscriptions due therefrom for the quarter. The District Educational authority would at the same time prepare a statement showing the names of the teachers with the amounts of their subscriptions so adjusted, which he would forward to the accountants of the fund for the writing up of the subscribers' accounts, whether these be kept in the district or at Madras.

In the case of the relatively few financially sounder institutions, the rule may be that the manager should remit monthly to the head-quarters of the District Educational authority the amount of subscriptions due from his institution according to the annual statement which he will have sent in at the beginning of the year. This remittance should be accompanied by a statement showing the names of the subscribing teachers and the amount of their subscriptions for the month. The District Educational authority would then pay in the whole amount into the treasury to the credit of the fund and at the same time forward the monthly statement with the treasury cheques for the remittance to the accountants of the fund. This procedure seems better than the complicated procedure contemplated in rules XVIII and XIX.

Mr. Stone's draft rule XX contemplates that the accounts of each subscriber in a district shall be kept by the Assistant Inspector of that district. I venture to submit that this, taken in connection with rules XVIII and XIX, will soon convert the Assistant Inspector into little more than an accountant and auditor. There is no precedent for such work being done in any administrative department. Such

Page 10 of No. 418, Educational, 18th July 1910.

Rule XX on page 10 *ibid*.

accounts are invariably kept by a trained account staff either in the district or in the central office of account. I venture to think that the rules proposed to be laid down will break down in practice. Further, it will soon be found necessary, it is thought, to provide for the inspection of such accounts by some trained expert agency, for example, the peripatetic staff of the Accountant-General's office, which will lead to further expense and complications. It is far better, it is submitted, to leave the work either to a competent account staff already familiar with similar work in the district—the accountants of local fund provident funds—or to concentrate it in the Accountant-General's office. Left to Sub-Assistant and Assistant Inspectors, it is thought that confusion will be the result. Please see Mr. Francis's remarks in paragraph 11 on page 17 of notes to G.O. No. 418, Educational, dated 18th July 1910. Their work, it is submitted, might be limited to the upkeep of a reliable record of service for each subscriber, and the preparing of the necessary certificates and quarterly adjustment vouchers, etc., referred to above*.

* Page 41 ante.

Pages 9 and 11 of G.O. 418, Educational, 18th July 1910.

8. There appear to be other defects in the draft rules, *e.g.*, rules VII, VIII and XXV; but it seems unnecessary to go into these if it is to be decided that Mr. Stone's scheme should not be sent forward to India.

9. Before leaving the consideration of Mr. Stone's scheme, it may be pointed out that the liability on account of it does not seem to have been fully calculated. What has been calculated is merely the probable payment of bonus to retiring teachers which is put at 2 lakhs *per annum* on an average. The data on which this calculation has been made are admittedly not very satisfactory: but apart from this fact there remains the omission to take into account the cost of the extra establishment in the offices of the District Educational authorities as well as in that of the Accountant-General. It is almost certain too, as pointed out above, that if the District Educational authorities are to do the work of trained accountants their work will have to be supervised by trained auditors from the Accountant-General's office which will also necessitate some extra cost.

Constructive suggestions.

10. The practical objections alluded to in the foregoing paragraphs seem to indicate that it would not be advisable to send

Pages 88—93 of Local Fund Code.

Mr. Stone's draft rules to the Government of India as a feasible scheme of practical arrangements. Perhaps it might be suggested that the model provident fund rules for local boards in this Presidency would serve better as the basis of a practical scheme. They have been in force for a considerable number of years and give general satisfaction to non-pensionable local fund employees. They are now being extended to elementary schoolmasters under local bodies. An experienced staff of accountants and auditors familiar with their working is in existence, which would considerably facilitate the introduction of a similar scheme for teachers in private schools. The rules would, of course, need to be suitably modified.

11. The nature of the modifications would depend largely upon whether the scheme should be:—

(a) a single central fund, the accounts of which would be kept by the Accountant-General, and the funds (1) to be either under the control of the Government of India, *i.e.*, they would have the usufruct, or (2) to be invested under the orders of the local Government; or

(b) the establishment of a branch fund in each district which would be looked after by each district board on behalf of and at the cost of Government by the same agency which at present looks after and keeps the accounts of the local board provident fund.

12. As regards a single central provident fund managed directly by Government, it may be noted that this is the idea underlying Mr. Stone's scheme and also apparently what the teachers themselves wish. It is, too, the plan which Mr. Seshagiri Ayyar would favour. The Government of India in their letter under reply seem to indicate a single general provident fund the usufruct of which should be at their own disposal. By this the Government of India apparently mean that the funds of the new provident fund would go to supplement their annual ways and means and thus be available for the diminution of annual borrowing, and that the local Government would have no control or voice in the matter of investing the fund. If this proposal of the Government of India commends itself to the local Government, the Government of India might in return be asked to bear the cost of management

Page 4 of G.O. 418, Educational, 18th July 1910.

Page 579 of Legislative Council Proceedings, 2nd April 1913.

Cf. rule 33 (iii) of State Railway Provident Fund Rules.

(Paragraph 203 of State Railway Opens Line Code, Volume II)

Page 16 ante (Educational Secretary's marginal note).

Pages 89, 90 and 92 of Local Fund Code.

Rules 4 and 8 on page 89 *ibid.*

Rule 9 on pages 89-90 *ibid.*

Rule 10 on page 90 *ibid.*

Rule 17 on page 92 *ibid.*

Cf. Rule 33 on page 203 of State Railway Code, Vol. II.

as it would presumably be looked after by a special staff in the local Accountant-General's office.

The modifications that would be required in the model rules would affect principally rules 9, 17 and 19. These rules provide for the fund itself meeting the cost of management, establishment, office expenses, etc.

In the model rules for local board provident funds, the only liability on the district board is the annual payment of bonus equivalent in amount to the year's subscriptions. The funds are invested in certain authorised securities from the interest proceeds of which the means are provided for the crediting of each subscriber's subscription and bonus accounts with interest. The charges for establishment, etc., are met within the fund itself by special receipts which accrue from the forfeiting or lapsing of bonus, etc., from subscribers' bonus accounts owing to their leaving with less than ten years' service, etc. As the Government of India would have the usufruct of the funds, they would presumably not be separately invested and accordingly the rules providing therefor are unnecessary, as well as those creating special provision for meeting establishment, etc., charges.

13. In the event of the Local Government desiring to retain control over the funds created by the new scheme, it will be necessary to retain similar rules so as to make the fund bear all charges and throw normally on Government only the annual charge for bonus. If, however, the Government of India are to be asked to make good the whole ultimate liability on account of the fund, it seems unlikely that they would be willing to leave the investment of the funds under the control of the Local Government.

14. In either case, the rules regulating the rate of subscription would, or would not, have to be modified in the light of any decision which may be come to as to the rate of contribution for subscribers being uniformly one anna in the rupee of salary, or the establishment of sliding scales for the lower rates of pay (regarding which no information whatever has been furnished).

The rules regarding the recovery of contributions and their being brought to account would also need modifications in the light of any decision which may be come to on the suggestions made in paragraph 7 *supra*.

Model rule 5.

Local Fund Code, page 89.

Pages 39-42 *ante*.

Pages 88-93 of Local Fund Code.

15. The alternative to a single centrally managed provident fund seems to be the formation in each district of a branch provident fund to be worked for Government by the district board of each district, side by side with, and on the same lines as, and by the same establishment which looks after, the district boards' own provident funds for their own employees. Government would of course meet the annual charge for bonus, which would be paid by adjustment each year to the district board. The fund would be practically self-supporting so far as interest and cost of management are concerned under the operation of rules similar to model rules 17 and 19. Such a scheme is quite feasible under section 97 of the Madras Local Boards Act. It seems to offer considerable advantages—

(1) In the first place, it would be worked by establishments thoroughly trained and completely familiar with the working of existing institutions constituted on the same general lines.

(2) In the next place, the control of the investments of the fund would be entirely under the Local Government—a matter not without some importance in these days when we are looking about us to devise means for an improved market for the securities of our municipal local bodies.

(3) It would also facilitate the transfer of accounts following on the passage of a subscriber from a private to a local fund institution, a possibly rather frequent contingency in view of the present policy of converting teacher-manager schools into board institutions.

(4) Further there would be no necessity for the creation of any sliding scales, which those pressing for the instituting of this scheme seem disposed to cavil at, and the main justification for which is simplification of accounts. For, instead of there being 16,000 odd subscribers to a single fund, this huge number would be split up into manageable proportions averaging about 600 for a district.

If such an alternative should commend itself to Government, it would not be difficult to suggest the necessary modifications in the model rules, in order to give effect to it.

16. The data afforded in the present file are admittedly insufficient to properly

Rule XXIII (3) on page 11 of G.O. 418, Educational, 18th July 1910.

Para. 13 of Revised Financial Statement for 1913-14.

Cf. the Hon'ble Mr. Seshagiri Ayyar's speech on page 578 of Legislative Council Proceedings of 2nd April 1913.

Page 25 *ante*.

Pages 88 to 93 of Local Fund Code.

Liability.

Portion Y on page 28 *ante*.

calculate the liability any scheme on any of the above lines would involve. What is wanted is —

- (1) a statement of a total number of certificated teachers in recognized private schools;
- (2) the number on each rate of salary; and
- (3) the annual increment and decrement of private institutions and teachers for each of the last five years.

It would, however, probably suffice, if information were furnished as regards the first two items, as, in view of the policy of the taking over of teacher-manager schools by local bodies, it may perhaps be assumed that the number of private teachers will remain more or less stationary. The liability is then easily calculable as it would be the equivalent or a fraction of the amount of the annual subscriptions, which could be readily deduced from the first two items. At present there is no information in the file. It is observed from Mr. Seshagiri Ayyar's speech that he appears to have been making some calculations as to the liability on the basis of a bonus of one anna in the rupee of salary. He works this out at 3 lakhs per annum. We have of course no information as to how and whence Mr. Seshagiri Ayyar gets his figures.

17. It now remains to consider whether the liability on account of the fund under any scheme should be borne by Imperial or Provincial. It has been pretty generally recognized that any exceptional development in the furthering of educational policy over and above the 2 lakhs per annum (recurring and rising in arithmetical progression) which we have promised from Provincial funds should be met by Imperial. India may be informed that the whole liability on this account should be met by Imperial.

18. (1) It seems necessary that the liability should be calculated on the basis of the payment of an annual bonus. This is the method invariably adopted. Any other seems to lead to a fluctuating, uncertain and uneconomical liability.

(2) Subscriptions should be levied on the actual amount of salary at the rate of one anna in the rupee if the scheme is to be worked by districts. Sliding scales seem doubtfully necessary even if the scheme is worked as one single central fund and should then be confined to the very lowest grades of pay only.

Para. 13 of Revised Financial Statement for 1913-14.

Page 579 of Legislative Council Proceedings of 2nd April 1913.

Incidence of the Liability.

G.O. 1012, Educational, 16th November 1912.

Page 26, para. 5, of the Honourable Member's note.

Summary.

Para. 5 on pages 36-38 *ante*.

Para. 6 on pages 38-39 *ante*.

Pages 39 and 45 *ante*.

Pages 40-42 *ante*.

Paras. 10-15 on page 42-45 *ante*.

Para. 16 on page 46 *ante*.

Conclusion.

A lesser benefit than that given by local board provident funds would, it is thought, be unlikely to give satisfaction.

(3) Accounting of fund not to be in departmental hands, but by Accountant-General or by District Board provident fund account staff.

(4) Model rules of Local fund provident fund to be suitably modified and to be put forward to India as basis of our practical arrangements.

(5) Data to be collected by Educational Department to permit of proper calculation of liability.

19. The main question to be decided appears to be whether the Government of India are prepared to bear the cost of the scheme which may be roughly put at 3 lakhs per annum, and which may perhaps exceed that sum when details have been collected by the Educational Department. The remaining questions regarding the constitution and detailed working of the scheme could be elaborated without difficulty.

It is on this question of the financing of the cost that the Government of India's remarks are not altogether satisfactory. Perhaps the Government of India may *at once* be informed that the institution of a provident fund for certificated teachers in private recognized institutions would cost roughly not less than 3 lakhs per annum (a more accurate calculation to be submitted later on) on the basis of securing to them a benefit which would not compare unfavourably with that secured to their own elementary schoolmasters by the existing provident funds maintained by local bodies; that, if they would undertake to finance the scheme from Imperial revenues, this Government do not anticipate any difficulty in giving early effect to a practical scheme, whether it be worked as a single consolidated fund under the control of the Government of India or of the Local Government or as separate Government subsidized funds for each district (being treated as a separate branch of the existing Local fund provident fund), and that, so far as rates of subscription and bonus and the maintenance of depositors' subscription and bonus accounts are concerned, this Government are disposed to follow generally the lines of the model provident fund rules for local bodies in this Presidency.

By the time the Government of India reply, it should, it is thought, be possible for the Educational Department to collect data for an approximately accurate calculation of the liability to Government.

C. REILLY—16-5-13.

This file furnishes a striking illustration of the results which are liable to follow from the neglect of rule 14 of the Council rules, which the late Secretary in the Educational Department frequently exhibited. Under rule 14, no paper shall be submitted to a Member of Government by a Secretary until it has been seen and noted on in every department affected. The proposals relating to the creation of a provident fund for teachers reached the Education Department in June 1912. They were examined in that department and in plain contravention of the rules, they were submitted to the Honourable Member then in charge of Education (His Excellency Sir M. Hammick) on the 5th of September 1912, without having been sent to the Financial Department, which is so closely concerned, for prior remarks. The file was not sent to Financial until the end of January 1913, and owing to pressure of work during the budget season, it was not dealt with in the Financial Department until the middle of May. The consequence was that when in the beginning of April a resolution in favour of this provident fund was moved by Mr. Seshagiri Ayyar in the Legislative Council, Mr. Davidson was instructed to say that the Government accepted the resolution in principle and agreed that it was highly desirable to establish a provident fund for secondary school teachers and also for teachers in aided schools. The Government are thus committed to the acceptance of a scheme which had never been examined in the Financial Department or formally agreed to by the Honourable Members of Government.

2. This result is the more extraordinary because, only two and a half years before, the proposal to create a provident fund for teachers had been considered at great length by this Government and had been decisively negatived. The difficulties

Pages 15-17 of notes to G.O. No. 418, Educational, dated 18th July 1910.

in the way of such a scheme were strongly stated in Mr. Francis's note, dated the 15th of August 1909, and Sir M. Hammick then declared that "the whole thing was premature" and that the scheme must be dropped. This decision was accepted by the Government and was publicly announced in G.O. No. 418, Educational, dated 18th July 1910. This order said:—"The whole scheme appears to the Governor in Council to be premature at the present time The Governor in Council has, therefore, reluctantly come to the conclusion that the advantages which might be anticipated from starting a provident fund for teachers employed in schools under private management would not be in any way commensurate with the trouble and expense involved and that the proposal must therefore be dropped." A year later, the question was resuscitated by Mr. Seshagiri Ayyar and by the Government of India, and in his note, dated the

Page 20 of these notes.

7th of September 1912, Sir M. Hammick wrote:—"I think we must now push on towards the establishment of some provident scheme for all teachers in public managed, aided schools and recognized schools." Between the issue of the order of the 18th of July 1910 and the date of Sir M. Hammick's note of the 7th of September 1912, the file was not submitted to any other Member of Council or examined in any other department except Education.

3. If the Government had not been already committed by what was said in the Legislative Council in April last to the acceptance of some scheme for a provident fund for all teachers, there might have been considerable reason to urge the need for caution before embarking on this enterprise. The adoption of responsibility for contributing to a provident fund for persons who are not in the employment of Government is the admission of a principle of State assistance which may obviously be extended to other callings besides that of a teacher, e.g., to the medical profession.

The introduction of old age pensions in England has been alluded to as though it formed a precedent for such an undertaking, but have those who advocate the adoption of such a scheme in India considered the enormous population of this country, its great extent, its industrial backwardness, its comparative poverty, and the danger of encouraging reliance on State aid? It is notorious that in India there is always an excessive tendency to rely on State agency. Is it wise to break in upon the principles of self-support and to inaugurate a system which admits the duty of the State to make provision or to give aid to funds for persons not in State service? It is apparently, however, too late to bring forward these considerations.

4. What, then, was the agency which converted Sir M. Hammick from the view he had expressed so strongly in 1910 to the acceptance in 1912 of the scheme he had previously condemned? It is hardly likely to have been the demi-official letter of Mr. Seshagiri Ayyar, dated the 16th of July 1911, which is printed at the beginning of this note-file. It must rather, I think, be sought in the correspondence which the Government of India forwarded to this Government under their Endorsement No. 1053, dated the 24th of July 1911. This scheme, like so many other educational schemes, has been forced upon this Government by the Government of India and it seems to me that it is only reasonable that the Government of India should find the funds required to carry it out. In paragraph 53 of Educational Resolution No. 801, dated the 21st of February 1913, it is declared that "the Governor-General in Council desires that due provision for teachers in their old age should be made with the least possible delay." If that is the desire of the Government of India, it is obvious that Imperial funds should be made available for its realization. The Educational Department of the Government of India has in various other directions placed before Local Governments an ambitious and progressive policy in educational matters without supplying us with the funds to carry it out. I submit that in this particular instance it should be laid down as a *sine qua non* that the funds for providing a provident fund for teachers shall come out of Imperial revenues and shall not be a charge upon provincial funds. The draft letter which the Educational Department has composed and sent to Financial for remarks entirely fails to safeguard provincial resources in this matter. It proposes to say that "with a substantial aid from Imperial funds, His Excellency in Council would . . . be prepared to take early steps to bring the scheme to working operation; unaided, provincial funds will be unable to face the heavy outlay." This clearly implies that provincial funds are to be burdened at any rate with a substantial part of the cost of the scheme. The programme of educational expenditure which has been sent up to the Government of India will, if it is carried out, involve an enhanced charge,—after allowing for all recurring grants which have been received up to date from Imperial revenues, and for the progressive increase of two lakhs per annum from provincial revenues,—of at least 50 lakhs of recurring expenditure per annum. It would be hazardous in the extreme to undertake these liabilities without further guarantee of Imperial assistance, especially if, as is rumoured, the Department of Education of the Government of India is beginning to recognize that it has been going too fast and is showing signs of a tendency to draw back from the enormous obligations its utterances have suggested.

5. In the foregoing note by the Registrar of the Financial Department Mr. Stone's proposals have been subjected to a most effective criticism which has clearly brought out the fact that the scheme which the Educational Department propose to accept is open to serious objection. I entirely agree with Mr. Reilly that the bonus to be contributed by Government should be added annually to the subscription and should not be left to be dealt with at the end of the term. Mr. Reilly's note shows very clearly that the proposal in Mr. Stone's scheme to fix the rates of contribution of subscribers in accordance with the certificates held by the teachers will result in anomalies and ought not to be accepted. The third point taken, viz., that the task of accounting for the funds should be entrusted to the technical accounts staff and should not be left to the Educational Department is also, I think, evidently a good one.

6. Altogether it is clear that the scheme requires much further consideration and examination. More information is needed to show what the actual liability involved will be. The rules under which the provident fund is to be worked should

be thoroughly revised, and I submit that the Financial Department should withhold its acceptance of the scheme until it has been worked out afresh in the Educational Department and put forward on more acceptable lines.

A. G. CARDEW—25-6-13.

We certainly cannot accept this scheme as it stands. I agree with all the Chief Secretary says about Mr. Davidson's irregular procedure, but we are committed by the Government of India to some form of provident fund. We cannot finance it without a regrettable diversion of funds from the development of elementary education, for we cannot afford to increase our expenditure on education from provincial funds by more than the 2 lakhs a year to which we are already committed. It is desirable therefore to clear the ground as much as possible by asking the Government of India whether they will finance the scheme. We may give 3 lakhs a year as an approximate estimate of the cost. Meanwhile the Educational Department can work out another scheme which is not open to the objections taken by Mr. Reilly in his excellent note. We want a good deal more information to enable us to frame an estimate of the liability, but I fear that its collection would take a long time and probably in the case of some items, *e.g.*, the withdrawals before completing ten years' subscription, it is not available at all.

H. A. S[UART]—26-6-13.

A. G. CARDEW—27-6-13.

EDUCATIONAL DEPARTMENT.

Please draft to India and Director of Public Instruction.

W. FRANCIS—1-7-13.

A draft letter to the Government of India and a draft order to the Director of Public Instruction are submitted for approval.

2. Attention is invited to paragraph 11 of Mr. Reilly's note on page 44 *supra* in which the question is raised whether the fund is to be a central one or a branch one for each district under the local boards. No definite decision has been arrived at with reference to it. A decision on this point would perhaps have been useful to the Director of Public Instruction in formulating the alternative scheme. As he had no opportunity hitherto to offer his opinion on this question, it is proposed in the draft order to ask him to consider the question and report which would be preferable—a central fund or a district fund. In paragraph 15 of his note Mr. Reilly states that if it is eventually decided to adopt the district system it would not be difficult to suggest the necessary modification in the model rules to give effect to it.

3. During the discussion in the Legislative Council on the resolution moved by the Hon'ble Mr. T. V. Seshagiri Ayyar regarding the establishment of provident funds, the Government undertook in a way to examine the suggestions made by him. These are as follows:—

- (i) that the contribution to the fund should be levied upon the actual amount of salary the teacher receives and not according to the grade to which he belongs,
- (ii) that contributions should be compulsory on the part of teachers,
- (iii) that the teachers should be called upon to contribute one anna in the rupee, the managers and the Government each contributing half an anna,
- (iv) that there should be one general fund for the whole Presidency and that it should be under the control and management of the Government, and
- (v) that the method of payment of bonus to teachers should be as in rules 10 to 15 of the Provident fund rules of the Hindu high school, Triplicane, which provide—

Payment of bonus according to Mr. Stone's scheme.

(a), (b) & (c).—When a subscriber retires within ten years he shall be eligible only for the amount contributed by him together with interest thereon.

(d) that when a subscriber retires within twelve months after joining the fund he shall not be eligible even for the amount contributed by him unless the Fund Committee decides otherwise;

*Payment of bonus according to Mr. Stone's scheme.

(b) that when he retires within five years he shall be eligible only for the amount contributed by him together with interest calculated up to the end of the half-year preceding his retirement;

(c) that when he retires after five years, but before completing ten years' service, he shall be eligible for the amount contributed by him together with one-half of the amount contributed on his behalf by the School Committee and the Government up to the date of retirement and also the interest on the sum thus calculated up to the end of the half-year immediately preceding his retirement;

(d) that when he retires after ten years' service he shall be eligible for the whole amount contributed by himself and on his behalf by the School Committee and the Government, together with interest calculated up to the end of the half year immediately preceding his retirement; and

(e) that when a contributor is dismissed from the staff of the school, he shall retain his right to his own contributions together with interest thereon.

The first of these suggestions, viz., (1) above has already been referred to in paragraph 1 (ii) of the draft. The second and fourth are already provided in Mr. Stone's scheme and objection has not been taken to them by Government. The third is one for consideration; while the fifth varies from Mr. Stone's scheme in some respects as shown above. It is proposed in the draft to ask the Director of Public Instruction to consider the suggestions generally.

C. RAMANUJACHARI—10-7-13.

For approval of the two drafts.

W. FRANCIS—12-7-13.

P[ENTLAND]—26-7-13.

Issue.

W. FRANCIS—28-7-13.

[G.O. Nos. 692, 693, Educational, dated 28th July 1913.]

Read--

Again G.O. No. 418, Edl., dated 18--7-1910.

From the D.P.I., R.C. No. 5693, dated 10--6-1912.
-Do.- do. 10--6-1912.
-Do.- do. 17--6-1912.

Two numbers
Sp 1917
O R D E R: No 692 Sol dated 28/7/13
P.S.

The Government have again had under consideration the question of instituting a provident fund for qualified or certificated teachers in recognized schools under private management and the scheme drawn up by Mr. Stone in 1909, and dealt with generally in the proceedings read above, has been further scrutinized to ascertain whether it would form the basis of a practical working project, should such a fund be established.

2. Constitution of the fund.--Under Mr. Stone's scheme, the provident fund would be formed from, and maintained by, subscriptions paid by or on behalf of teachers and the interest

thereon



thereon. There would be no annual bonus from Government, but when a subscriber left the fund the Government would pay him a bonus proportioned to the length of his recorded service. By this arrangement not only does the bonus fail to increase by the interest it would earn if it were paid annually, and thus is of ^{essential} less value to the recipient than if it were so paid, but the liability thrown upon Government is heavier. ~~and~~ Further, the Government liability in any given year on account of the bonus is not calculable with the same approximation to accuracy as in the case of an annual bonus proportioned in the usual manner to the amount of contributions paid in to the fund, ^{which would} ~~which will~~ occasion uncertainty in budgeting. The system, usual in other public provident funds, by which the bonus is paid annually in proportion to the subscription,

would therefore seem preferable.

Para 6, page 397 not file

3. Rate of contribution by subscribers.--In Mr. Stone's scheme the rates of contribution depend upon the grade of the certificates which the teachers hold instead of upon the salary paid to them, as in other public provident funds. This arrangement will result in great and unwarrantable inequalities in the amounts of contributions paid by subscribers holding the same grade of certificate but drawing different salaries. It would therefore seem better that subscriptions should be levied on the actual amount of salary drawn, at the usual rate of one anna in the rupee, fixed sliding scales of contribution being introduced, if necessary for the simplification of accounts, for the lowest grades of pay only.

4. Recovery of subscriptions.--Mr.

Stone's scheme contemplates that

Para 7, page 397 not file

37. 128
managers shall recover subscriptions
in cash, pay them temporarily into the
Post Office Savings Bank, and transfer
them later to a Government treasury.

This involves much handling of money
and affords many opportunities for
loss, mistakes, petty embezzlements ~~and~~^{and}
fraud, all necessitating correspondence,
and requires intricate adjustments
between the accounts of the Post
Office and the Accountant-General.

This procedure might perhaps be necessary
in the case of the comparatively
few unaided schools (though even there
some better system should, if possible,
be devised, such as requiring the
manager to remit subscriptions to the
district educational authority monthly)
but in the case of other schools it
would be simpler and better to recover
subscriptions by making corresponding
reductions from grants in aid ~~to be~~
paid to the schools. Managers could

98 138

Page 41 of notes file

be required to submit at the beginning of each year to the district educational authority a statement showing the names of all teachers employed and the salary paid to them (any subsequent changes therein being immediately notified) and that authority could forward to the accountants of the fund a statement of the adjustments made accordingly against the grant in aid.

Page 41 of notes file

5. Accounts of the fund.--Mr.

Stone's scheme contemplates that the accounts of each subscriber in a district shall be kept by the Assistant Inspector of Schools, which will throw upon that officer much account and audit work for which he will not ordinarily have the necessary training. The Government consider that the system will lead to confusion and complications and break down in practice. They are of opinion that the work would more properly be left

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either to the account staff already familiar with similar provident fund transactions in the districts or be concentrated in the Accountant-General's office.

6. The Director of Public Instruction is accordingly requested to work out and submit a modified scheme which will not be open to the objections referred to above, with an approximate estimate of the cost to the State involved by it. The model provident fund rules for local boards in this Presidency may perhaps in several respects serve as the basis for this. In submitting it, the Director will also consider and report on the question whether it would be preferable to have a central fund, the accounts of which would be maintained by the Accountant-General, or to have a branch fund in each district which would be looked after by each district

Noted in C.S.
1-8-13

Para 10, page 437 modified

Para 12, page 437 modified

board on behalf of and at the cost of Government by the same agency which at present maintains the accounts of the local board provident fund. The suggestions made during the discussion of the resolution moved by the Hon'ble Mr. T. V. Seshagiri Aiyar at the meeting of the Legislative Council, dated 4th April 1913, regarding the establishment of a provident fund for teachers may also be considered in this connection. The Director should finally submit a statement showing the total number of certificated teachers in recognized schools under private management, the number on each rate of salary and, if possible, the annual increment or decrement of such institutions and teachers for each of the last five years.

To the Financial Department with copy of notes. *the print*

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LETTER:- No. 693 Est. dated 28.7.13

To

The Secretary to the Govt. of India,
Department of Education (Education)

Sir,

I am directed to address you regarding the institution of a provident fund for teachers in this Presidency, referred to in the correspondence forwarded with your endorsement No. 1058, dated 24th July 1911. The Government of India ask for the opinion of this Government as to the desirability of creating such a fund and for a rough scheme of the arrangements involved, with a general estimate of the number of teachers on various grades of pay likely to be affected, of the contributions to which municipal councils or boards would be liable, and of the enhanced expenditure which would be thrown upon

Page 3 of 4

35 Enclosures of
Letter No. 693 Est.
as per
KLP
9/9/13

As per
Deputy Secy
30-7-13

2.

the State.

2. In reply I am to say that His Excellency the Governor in Council is in agreement with the view taken in paragraph 53 of the Resolution of the Government of India, No. 301-C.D. (Education), dated 21st February 1913, that the establishment of such a provident fund would render the teaching profession more attractive and further the efficiency of educational institutions.

3. The Madras Government, indeed, have had the question under consideration for some years and definite steps have been taken already to formulate a scheme and calculate the cost. In 1908 a senior officer of the educational department was placed on deputation to draw up a scheme and elaborated detailed proposals for the establishment of a single fund for the benefit of all qualified or certified

ated

certificated teachers in recognized schools under private management. This was examined by His Excellency in Council and eventually dropped principally on the ground that it would entail a great expenditure of public money which could be better employed in furthering education in more direct ways.

4. On receipt of your endorsement of 24th July 1911 above referred to, the matter was again taken up. Again, however, the financial difficulty arises. Provident funds already exist in the case of all district boards and some two-thirds of the municipal councils in this Presidency and teachers in institutions under their management could without difficulty be separately brought under these. It is, however, calculated that a fund for qualified or certificated teachers in recognized schools

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under private management which would secure to them benefits comparing not unfavourably with those conferred by the existing provident funds, would involve, in bonuses to subscribers and expenses of administration, an annual liability to the Government of approximately three lakhs of rupees.

5. It is not possible for this Government to find so large a sum for this purpose, and I am to ask whether the Government of India is prepared to finance the scheme from Imperial funds. If so, His Excellency in Council does not anticipate any difficulty in giving early effect to a practical project. Details of this are in course of completion and it could be worked much on the lines laid down in the Government of India's letter of 24th July 1911 to the Government of Eastern Bengal either as a single consolidated fund under the

Notes in C.B.

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Approved

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control of the Government of India or
of this Government or as separate
subsidized Government funds for each
district in the same way as the exist-
ing provident funds of local bodies.

I have etc.

W. 12/7

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Provisional fund for teachers - Pointing out certain objections
to the adoption of the scheme for the establishment of a
provisional fund for teachers in private institutions
formulated by Mr. Stone in 1909 and requesting the
Director of Public Instruction to submit a modified
scheme, and addressing the Government of India
on the subject of the financing of the scheme.

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