

Government of Madras.

EDUCATIONAL DEPARTMENT.

Recd.

Regd.

} 1915.

Enclosures

Spare copies

G.O. No. 1256, 22nd November 1915.

Provident fund.

Addressing the Government of India in regard to the institution of a -- for the benefit of all qualified or certified teachers in recognized schools under private management.

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GOVERNMENT OF MADRAS.

EDUCATIONAL DEPARTMENT.

READ—the following papers:—

I

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

ABSTRACT.—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.

II

Letter—from the Hon'ble Mr. J. H. Stone, M.A., F.R.H.S., C.I.E., Director of Public Instruction.

To—the Secretary to Government, Educational Department.

Dated—Madras, the 13th November 1914.

No.—Ref. on Cur. 5694/11.

With reference to G.O. No. 692, Educational, dated 28th July 1913, pointing out certain objections in giving effect to the scheme drawn up by me in 1909 for the establishment of a provident fund for certificated teachers in recognized schools under private management, I have the honour to submit herewith the following remarks in regard to the several points raised in the Government Order under reference.

2. *Constitution of the Fund.*—Government observe “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”. The first part of this statement does not appear to be correct. According to my scheme, the bonus to be paid by Government to a teacher depends upon—(1) the number of years of recorded service put in by him and (2) the sum of money to his credit in the fund when he retires. This latter factor is one that under my scheme contemplates the accrual of compound interest on the amounts paid by the teacher into the fund during the whole time he has been subscribing to it and is therefore made up of the annual premiums paid by him together with interest on these amounts compounded annually. Since the bonus to be paid by Government at the time of the teacher's retirement is an amount equal to the sum standing to his credit in the fund at the time of his retirement, or a fraction thereof proportionate to his recorded service, it will of necessity therefore be an amount that is due to principal *plus* accretions that owe their existence to the element, compound interest. Whether interest is added year by year to the capital—as is the case with regard to that portion of the fund that is subscribed by the teachers themselves or is paid in a lump sum at the time of the retirement of the teachers as would be the case with that portion of the fund subscribed to by Government if my scheme is accepted—the value to the recipient is the same. To put the case in other words, if Government's contention is true, it means that the amount at compound interest of Rs. 200 for a given time at a given rate per cent. interest compounded annually is not equal to twice the amount at compound interest of Rs. 100 for the same time at the same rate per cent. interest compounded annually—which is not correct. With regard to the second part of the statement that the liability thrown upon Government is heavier, I may remark that the liability thrown upon Government according to my scheme does appear heavier

when looked at from the point of view of Provincial revenues, but not so when looked at from the standpoint of Imperial revenues, or of commercial finance. If a bonus from Government equal in amount to that subscribed by the teachers were to be paid to the fund annually as advocated by Government, the gross total amount that would have to be paid by Government will on the face of it appear less than if the bonuses from Government were to be paid *en masse* at the end of a period of time, both principal and accrued interest being then due from Government; but such a view neglects a consideration of the difference between the value of money now and its value at some distant date, which are ordinarily considered as present worth and future worth, the difference between them being due to the advantage that is gained by being able to utilize the funds between the two points of time specified as “present” and “future”. It is understood that the local Government is not permitted to store up balances or to issue promissory notes; but if the bonus to be paid annually by Government to the fund according to the scheme advocated by Government were to be funded by Government themselves, then the future worth of their funded capital under this head would be exactly the amount that is proposed to be given at the end of the period of service according to my scheme. As it is, Government suggest paying an annual bonus which it is understood will be invested by the Accountant-General mainly in Government securities. These bonuses paid by Government, therefore, will earn interest, and since this interest is paid on Government securities it follows that the particular Government which issues the securities, *i.e.*, the Imperial Government, pays the interest. The Provincial Government therefore accepting their position of not being able themselves to issue securities throw the responsibility of the payment of the interest on the bonuses on the issuer of the investment in which their bonuses are placed and retain only the bare bonuses for their own debit. If the bonus from Government is to be paid annually to the fund as proposed by Government, the fund will be unnecessarily swelled by the amounts of bonuses forfeited by teachers who leave the fund before completing ten years' recorded service, and by a fraction of the bonuses forfeited by teachers who leave the fund after completing ten years' recorded service but before completing twenty-five years' recorded service, whereas the postponement of the payment of bonus to the time of the teacher's leaving the fund, restricts the liability to Government to the actual amount required.

Another point in this connection is that according to my scheme a bonus from Government is payable only to teachers who have put in at least ten years' recorded service. As the liability on the part of Government to pay a bonus therefore arises only when a teacher has completed ten years' recorded service, it is not understood whether according to the scheme advocated by Government it is intended that the whole ten years' bonuses calculated with compound interest thereon would be paid in a lump sum to the fund at the end of ten years' recorded service on behalf of every teacher who joins the fund.

3. *Rate of contribution by subscribers.*—The device of a rate of subscription by grade of certificate was adopted because—

(1) It would immensely simplify the whole work of accounting and auditing of the fund.

(2) It makes possible some sort of estimate of the cost of the fund to Government. We could no doubt calculate the amount payable on the salaries now being paid in all the schools but we could not in the least gauge the extent to which salaries will rise in the next 5, 10 or 20 years. On the other hand, we can form some estimate of the increase in the number of certificated teachers of the various grades. The one anna in the rupee subscription advocated by Government would consequently involve them in a liability the extent of which cannot be foreseen. Sir A. G. Bourne also considered the grade rate of contribution an essential feature of the scheme. Furthermore, rates of salaries have increased rapidly since 1903. I am not advocating the rates mentioned in my draft rules. These require reconsideration and the facts disclosed in the subjoined table of numbers of teachers on different rates of pay will facilitate this. It will be necessary, *e.g.*, in cases where a teacher's pay is much above the normal rate for teachers with his qualifications to empower the Inspector to fix a rate of contribution for him. The essential point is that each teacher shall have such a fixed rate.

In this connection I may point out that the analogy of other public provident funds does not altogether hold. Local boards themselves control their salary bills. They are no doubt liable to expansion but only in direct proportion to expansion in the boards' resources. Government does not control the salaries of the teachers now in question. Their growth will not necessarily be in proportion to that of the resources of Government. Moreover the higher they rise, the less need will there be for Government to interfere in the matter at all. If the teaching profession were as well paid as, e.g., the legal, probably nobody would have thought of a provident fund for it. Under the scheme advocated by Government teachers will be helped in inverse proportion to their need for help. Of course the teachers want to pay in as much as possible, because of the prospect of getting a bonus of one anna per rupee as well as interest. I think it quite possible that if they were allowed the privilege they would in many cases find it a burden and it would be difficult to resist a clamour for a system of advances which would involve probably some risk and certainly much extra account-keeping and correspondence.

There are no doubt considerable differences between rates of pay of teachers of the same grade and possibly some would be inclined to complain of not benefiting in the fund by their higher pay. My answer to this would be that there is no reason why they should. The fund deals with them merely as persons qualified in a particular way as teachers, not as individuals drawing a certain rate of pay. We should, on Government's proposal, have to take the manager's statement as to salary and there would be additional complications, due to acting allowances. It is the strongest justification for Government's having the fund that it is for persons having a certain professional status, not for persons of a certain income. It seems to me that there are strong reasons against Government's offering a larger bonus to, e.g., one L.T. than to another.

(3) It seems to be assumed that the fund ought to contemplate giving the teachers as much as possible. I see no reason for this. If the fund ensures to a teacher who serves in a school under private management a reasonable sum on retirement, it does all it need do; on my proposal this would be done. If a teacher can save something in addition to what he puts in the provident fund, there are plenty of means of investment open to him. It is even open to question whether Government ought to enter into unrestricted competition with private agencies for the utilization of the surplus capital of so large a body as the teaching profession now is and is likely to become.

4. *Recovery of subscriptions.*—I think Government's objections to my means of recovering subscriptions from schools having teachers of the class A mentioned in my scheme are not altogether well founded. In the first place, I admit the system will be less easily worked if subscriptions are levied on actual salaries, but it will not be impossible even then.

My scheme does not involve any more handling of money than is incidental to the management of a school. The teachers' pay will be handed to them by the manager less the amount in each case due to the fund. The manager may be trusted to pay the balance to the Post Office Savings Bank just as he is now trusted to pay it to the teachers. Under the fixed payment system the Inspecting officers can quite easily assure themselves that managers are doing this properly; with a little more difficulty owing to the greater amount of arithmetic involved they can do so under the one anna in the rupee system. In view however of the rather small advantage (the teachers' getting a little interest on their money during the year) secured by payment into the Post office in the case of teachers of class A, I do not think that part of my scheme of primary importance. It would suffice if managers paid the teachers' contributions monthly into a Government treasury. I do not think that the deduction of contributions due from grants-in-aid would work well. In the first place it involves different systems of collection for aided and unaided schools which is an inconvenience, and moreover, a school may be aided one year and not another. Some of the largest schools are self-supporting and commonly receive no aid. These remarks apply particularly to schools which have teachers of class A mentioned in my scheme. If contribution by teachers of class B is to be voluntary, as I think it should be, this is an additional reason for not taking it from the grant in the case of these teacher-manager schools. I think that for them my plan of using Post Office Savings Bank deposits is least likely to lead to complications and difficulties.

As regards remitting subscriptions to the district educational officer, advocated by Government in the case of unaided schools, my scheme was carefully devised to avoid educational officers handling any money at all. At present they do not, beyond drawing their establishment's pay and petty contingencies, handle any. If they are to receive the contributions from teachers they will want safes to keep them in, and probably additional clerical assistance. Fraud and loss are quite as likely as under the Post Office Savings Bank system. The better alternative to this would therefore be, the manager paying straight into the treasury every month and the Accountant-General keeping the account of the fund monthly. When framing my scheme I supposed that an annual adjustment would be better, the Post Office machinery being used to secure it.

The case of teachers of class B is quite different. Most of the teachers have not any salaries; so, salary cannot be a basis of contribution. We cannot make contributions compulsory for these men with low-paid and precarious employment. What my scheme is intended to do for them is to encourage and facilitate their saving something out of their pay and to avoid the necessity of the subordinate educational officers from handling the money.

5. *Accounts of the fund.*—The Government of India in their letter to the Government of Eastern Bengal and Assam have already remarked that the supervision of a large number of separately constituted provident funds would be difficult and have advocated that such funds should be incorporated in a general provident fund for educational employees in non-pensionable service. I consider that there should be one central fund for all the teachers employed in this Presidency. The work connected with this should be concentrated in the Accountant-General's office and accounts maintained by him. My scheme already provides for such a central fund.

6. With reference to the concluding portion of the Government Order I submit herewith two statements—one showing the number of recognized schools under private management and the number of certificated teachers employed therein as they stood on 31st March for the years from 1907-08 to 1912-13 and the increase or decrease in their number during each of those years, and the other showing the number of such teachers on 31st March 1913 arranged according to the different rates of salary received by them. The decrease in the number of schools during the last two years is due to many elementary schools under private management being taken over by local boards and municipalities. The decrease in the number of teachers during the last year is due to some of them taking up appointments under Government and local boards. According to these statements the annual contribution to the fund by these teachers if calculated on their salaries at the rate of one anna in the rupee will be Rs. 1,79,422 and if calculated according to their certificates at the rates laid down in my scheme will be Rs. 1,74,108. As contribution to the fund by teachers of class B is only optional the annual cost to Government is not likely to exceed one and a half lakhs of rupees for some years to come.

7. The delay in the submission of this reply is due to the difficulty in obtaining detailed information about the number of certificated teachers and their rates of pay from the managers of schools. Even now the figures given in the statements are only approximate.

ENCLOSURES.

(i)

STATEMENT showing the number of schools under private management and the number of certificated teachers employed in them during the last five years.

Years.	Total number of		Increase or decrease in	
	Schools.	Teachers.	Schools.	Teachers.
1907-1908	19,693	10,376		
1908-1909	20,101	19,355	+ 408	+ 979
1909-1910	20,745	11,183	+ 645	+ 231
1910-1911	21,067	11,473	+ 321	+ 287
1911-1912	20,831	11,713	- 236	+ 240
1912-1913	20,229	11,500	- 602	- 113

(ii)

NUMBER of certificated teachers on each rate of salary in schools under private management.

Grade of salary.				Average amount for calculation	Number of teachers.	Amount of pay disbursed monthly.	Grade of salary.				Average amount for calculation	Number of teachers.	Amount of pay disbursed monthly.
rs.	rs.	rs.	rs.	rs.	rs.	rs.	rs.	rs.	rs.	rs.	rs.	rs.	rs.
Above 450	up to 500	..	475	1	475	Above 80	up to 90	..	85	114	9,690	85	114
" 400	" 450	..	425	1	425	" 70	" 80	..	75	167	12,525	" 65	185
" 350	" 400	..	375	6	2,250	" 60	" 70	..	65	185	12,025	" 55	163
" 300	" 350	..	325	6	1,950	" 50	" 60	..	55	163	8,965	" 45	160
" 250	" 300	..	275	10	2,750	" 40	" 50	..	45	160	5,520	" 35	93
" 200	" 250	..	225	6	1,350	" 30	" 40	..	35	167	6,919	" 25	247
" 190	" 200	..	195	9	1,755	" 25	" 30	..	32	247	7,594	" 20	27
" 180	" 190	..	185	14	2,590	" 20	" 25	..	22	508	11,176	" 15	17
" 170	" 180	..	175	5	875	" 15	" 20	..	17	1,749	29,733	" 10	14
" 160	" 170	..	165	8	1,320	" 10	" 15	..	12	544	7,016	" 5	6
" 150	" 160	..	155	3	465	From 15	to 20	..	14	944	7,016	" 5	6
" 140	" 150	..	145	55	7,975	" 14	" 20	..	12	1,492	17,904	" 5	6
" 130	" 140	..	135	21	2,835	" 12	" 20	..	10	1,881	18,810	" 5	6
" 120	" 130	..	125	26	3,225	" 10	" 20	..	6	3,282	19,692	" 5	6
" 110	" 120	..	115	44	5,060	Below 10	" 20	..	6	3,282	19,692	" 5	6
" 100	" 110	..	105	35	3,675								
" 90	" 100	..	95	162	14,440								
						Total	..	..	11,600	2,39,229			

Contribution according to rate of salary.

Salary per month will be	28,729
" per year	344,748
Contribution at one anna in the rupee	1,79,422

Contribution according to grade of certificate.

249 L.T's, as teachers in colleges and heads of secondary schools at Rs. 6 per mensem ..	1,494
Increased contribution for Europeans and heads of colleges (50 per cent. of above) ..	747
781 ordinary L.T's. at Rs. 4 per mensem	3,124
1,622 secondary grade teachers at Rs. 1-8-0 per mensem (number of second grade collegiate teachers being very few)	2,493
8,948 elementary certificated teachers' of both higher and lower grades at an average rate of As. 12 per mensem	6,711
Total contribution per mensem	14,569
Total contribution per annum	1,74,108

Order—No. 1256, Educational, dated 22nd November 1915.

The Government of India will be addressed.

(True Extract.)

C. G. TODHUNTER,
Acting Secretary to Government.

GOVERNMENT OF MADRAS.

EDUCATIONAL DEPARTMENT.

No. 1257.

From

THE HON'BLE MR. C. G. TODHUNTER, I.C.S.,

Acting Secretary to the Government of Madras,

Educational Department,

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,

DEPARTMENT OF EDUCATION.

Dated Fort St. George, the 22nd November 1915.

SIR,

In continuation of the correspondence ending with Mr. Francis's letter No. 1213, dated the 19th December 1913, I am directed to address you on the subject of the institution of a provident fund for the benefit of all qualified or certified teachers in recognized schools under private management.

2. In paragraph 5 of Mr. Francis's letter No. 693, dated the 28th July 1913, reference was made to the fact that details of a practical project were under consideration. The main outlines of this scheme have since been settled and the following is a summary thereof:—

(a) The scheme is for the establishment of a single provident fund for the benefit of all certificated teachers in recognized schools under private management. Contribution to the fund is to be obligatory on all qualified teachers in recognized schools under managers, except in the case of schools in which the managers are teachers themselves or of teachers who are classed as Europeans under the Code of Regulations for European Schools. In these cases contribution would be optional.

(b) The amount of the contribution is to be determined by the grade of the teacher's certificate. The teachers for this purpose will be divided into five classes—first grade collegiate, second grade collegiate, upper secondary, higher elementary and lower elementary—and the normal rates of subscription will rise gradually from the lower elementary to the first grade collegiate. This basis of contribution has been specially adopted in preference to a rate based on salary drawn in view of the circumstances that in private schools salaries vary with the resources of the managing bodies; while teacher-managers have no fixed salaries at all. The adoption of the grade rate will also simplify the work of accounting and audit and avoid the complications due to acting allowances. In order, however, to meet the case in which a teacher's pay is much above the normal rate for teachers of his grade, it is proposed to provide for raising his contribution to that fixed for a higher class.

(c) The contributions of the teachers are to be remitted by money order monthly by the management to the Accountant-General in whose office the accounts relating to the fund will be maintained and audited.

(d) It is proposed that an amount equal to that contributed by the teacher should be paid directly every year by the Government and added to the fund to his credit, and interest allowed. It is not proposed to call upon the management of private schools to contribute because it is apprehended that such a requirement would be liable to result in the management cutting down salaries to provide for the contribution.

(e) When the subscriber's account is closed, no bonus will be paid by Government if his service amounts to ten years or less. For longer terms less than twenty-five years a sliding scale is to be arranged. For a service of twenty-five years and above full bonus will be given. Half the amount at credit of the subscriber at any time will represent the amount contributed by Government.

(f) If these proposals are eventually approved, the Government of India will be moved to sanction the remittance of contributions to the fund by postal money order free of cost.

3. The average annual cost of the scheme for schools under private management only is roughly estimated at the outset at 1.50 lakhs.

As regards the schools under the management of local bodies, as observed in paragraph 4 of Mr. Francis's letter No. 693, dated the 28th July 1913, provident funds already exist in all district boards and the majority of municipal councils in this Presidency. If the teachers in these schools are also brought within the scope of the general fund, an additional expenditure of about Rs. 31,000 will have to be incurred. A further considerable sum must be added for cost of the account establishment. The total cost of the scheme including this may be taken approximately at two lakhs for the present, the estimate of three lakhs mentioned in the letter referred to being taken as an ultimate estimate.

4. As already observed, the Governor in Council is unable to meet this heavy additional charge from Provincial revenues, but I am to express a hope that, when financial considerations permit, the Government of India will see their way to assist the Madras Government by making a grant of the necessary funds. In the meantime I am to request that the scheme may be considered by the Government of India in order that, if their general approval should be given to it, this Government may be enabled to prepare and submit for sanction the further detailed rules that are required. It will thus be possible to introduce the scheme without further delay when the financial conditions are more favourable.

5. On receipt of general approval to the scheme, the detailed rules will be submitted for sanction.

I have the honour to be,

Sir,

Your most obedient servant,

C. G. TODHUNTER,
Acting Secretary to Government.

EDUCATIONAL DEPARTMENT.

NOTES CONNECTED WITH G.O. Nos. 1256, 1257, EDUCATIONAL,
DATED THE 22ND NOVEMBER 1915.

[SUBJECT.—*Provident funds for certificated teachers in recognised private schools.*]

Previous papers :			
G.O.	396, Edl., 21st May	1908.	G.O. 202, Finl., 12th March 1913.
"	433, " 3rd June	"	" 394, Edl., 1st May
"	418 " 18th July	1910.	" 692 " 28th July "
"	611 M., 29th March	1912.	" 1212 " 19th December "
"	445, Edl., 22nd May	"	" 490, Finl., 21st July 1914.
"	598 " 5th July	"	" 58, Finl., 23rd January 1915.
"	656, Finl., 25th October	"	" 142, Edl., 11th February "
"	1012, Edl., 16th November	"	" 227 " 26th " "
"	1876 L., 9th December	"	

From the Director of Public Instruction, dated the 13th November 1914,
No. 5693/11.

At the instance of the Madras Educational Conference of 1906, the Hon'ble Mr. J. H. Stone, the then Principal of the Presidency College was, in 1908, placed on deputation to draw up a scheme for the establishment of a Provident fund for teachers. In 1909, he submitted proposals for the establishment of a single fund for the benefit of all qualified and certificated teachers in recognized schools under private management. This scheme was found, on examination, to entail a great expenditure of public money, which could be better employed in furthering education in more direct ways, and was accordingly dropped. On the suggestion of the Hon'ble Mr. T. V. Seshagiri Ayyar, the matter was again taken up for consideration in 1911 and about that time the Government of India also asked 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 and of the enhanced expenditure which would be thrown upon the Local Government. Thereupon Mr. Stone's scheme was again taken up and it was at first proposed to submit it to the Government of India. But the Financial Department, on scrutiny, advised that the scheme could not be adopted, as it was open to

G.O. 396, Educational, 21st May 1908.
G.O. 433, Educational, 3rd June 1908.
Pages 2 to 11 of G.O. 418, Educational, 18th July 1910.
Paragraph 6 of Government Order *ibid.*
Pages 1 and 2 of notes with G.O. 692, Educational, 28th July 1913.
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Please see paragraph 2 of Financial note on page 28 of notes with G.O. 692, Educational, 28th July 1913.
Pages 36 to 48 of notes *ibid.*

several objections. These were pointed out to the Director who was requested to submit a modified scheme rectifying the defects. The Government of India were, in reply to their enquiry, informed that details of a practical project, much on the lines laid down by them, were in the course of completion and that an annual bonus of approximately three lakhs of rupees would have to be paid. This Government also pleaded want of funds to provide such a large sum and asked India whether they were prepared to finance the scheme from Imperial funds. In October 1913, the Government of India suggested that the Local Governments might treat as a reserve, for the purposes of a provident fund, any portion of the past or future recurring grants for education made from Imperial funds. This Government, however, replied that all the previous grants had been appropriated in full for other objects of recurring expenditure and that the suggestion would be noted in connection with the utilization of future grants.

G.O. 692, Educational, 28th July 1913.
Letter 693, Educational, 28th July 1913.
In G.O. 1212, Educational, 19th December 1913.
Letter 1213, Educational, 19th December 1913.

The Director of Public Instruction now submits his reply to G.O. No. 692, Educational, dated the 28th July 1913. He has not submitted any modified scheme as required therein, but only offers his further remarks on the various observations of the Government pointing out defects in the original scheme. The question of formulating a revised scheme will have to be considered, after orders have been passed on the present letter.

2. The following are the main features of the original scheme prepared by Mr. Stone. It was for the establishment of a single fund for the benefit of all certificated teachers in recognised schools under private management, to be controlled by the Educational Department.

Paragraph 15, page 4 of G.O. 418, Educational, 18th July 1910.

The amount of a teacher's contribution was to be determined by the grade of his certificate and not to be a proportion of his actual salary. Contribution to the fund was obligatory on teachers employed in recognised schools under managers, but optional in the case of teachers in teacher-manager schools and of European teachers in European schools. Managers might contribute to the fund on behalf of the teachers, but it was not compulsory.

Paragraphs 28 and 29, page 6 of *ibid.*

Paragraph 27, page 6 of G.O. 418, Educational, 18th July 1910.
Rule XXI, page 10, do.
Rule XXV, (2) page 11, do.
The monies received should be held by the Accountant-General and interest allowed. When the account of a teacher was closed, he would receive a bonus from the Government, being a proportion of the sum to his credit in the fund, provided he had put in at least ten years' service.

3. The objections raised by the Financial Department were mainly based on the following grounds:--

(i) the bonus to be contributed by the Government should be added annually to the subscription and not left to be determined and paid until the closure of the account;

Paragraph 2 of G.O. 692, Educational, 28th July 1913.

(ii) the rates of contributions by the teachers should depend upon the salary paid to the teachers and not on the grade of the certificates;

Paragraph 3, do.

(iii) the subscriptions might be recovered by means of deductions in the grants-in-aid and should not be paid into the Post Office Savings Bank;

Paragraph 4, do.

(iv) the accounts of the fund should be maintained by the technical accounts staff of the districts or by the Accountant-General, and not by the Educational staff.

Paragraph 5 of G.O. 692, Educational, 28th July 1913.

The Director of Public Instruction's observations in reply to these objections will be dealt with below.

4. *Constitution of the fund.*—The remarks under this head are based on paragraph 5 of Mr. Reilly's note on pages 36 to 38 of notes with G.O. No. 692, Educational, dated 28th July 1913. It was pointed out that the adoption of Mr. Stone's scheme, under which the Government have to pay the bonus only when a subscriber left the service, was open to the following objections:—

- (1) that the Government bonus would fail to increase by the interest it would earn if it were paid annually and will be of less eventual value to the recipient;
- (2) that the liability thrown upon the Government would be heavier;
- (3) that the Government liability in any year would not be calculable accurately.

Mr. Stone meets the first objection by saying that the Government bonus, which will be calculated with reference to the amount of subscriptions to the credit of a subscriber on his leaving the fund, will include the interest earned by his subscriptions during the whole period and that, so far as the subscriber is concerned, the benefit under both the schemes will be the same. To that extent Mr. Stone's observations seems correct.

P.R.

5. As regards the second objection, he states that though the liability may appear to be heavier when looked at from the point of view of Provincial revenues, yet, if the bonus is paid annually and the total amount is invested in Government pro-notes, the interest on the amount will have to be paid by the Imperial Government, while if the bonus is paid in a lump sum finally, the Local Government will have to bear the interest that would have accrued on the bonus. This objection is not therefore in his opinion valid.

It is, however, submitted that in examining the financial aspect of this question, only the Provincial finances will have to be taken into account and there is no justification for mixing up the question as to how the Imperial funds will be affected by the scheme. Even if subsidies were obtained from Imperial revenues for introducing the fund, those grants should also be taken as part of Provincial revenues for present purposes. It is clear that what would be gained as interest from Imperial funds would be lost, if bonus were to be paid only at the end of the service.

P.R.

On the other hand Provincial would have the use of the money in the meantime. Mr. Stone's reasoning does not therefore seem valid.

A.B.

6. No specific reply has been given as regards the third objection. Though there may be an element of uncertainty in both the cases of annual bonus or final bonus (at the end of service), yet in the case of the former, this uncertainty will work to some advantage, as there may be only lapses in ascertained amounts of total bonus by withdrawals, while in that of the latter, there may be sudden additional demand for the payment of heavy sums as bonus (including) interest in any year. It appears desirable to have some definite idea as to what amount the Government would have to contribute at the maximum.

P.R.

The Director points out that by annual bonuses there will be unnecessary swelling of the fund caused by the amounts of bonuses forfeited by teachers who leave the fund before completing ten years' recorded service and by a fraction of the bonuses forfeited by teachers who leave the fund after completing ten years' service, but before completing twenty-five years' recorded service. From a financial point of view occasional lapses from regular provision already made are much better than sudden additional liabilities; any forfeitures as noted above occurring in any particular year can be taken into account in fixing the provision for Government bonus for succeeding years. It is therefore for consideration whether the Director of Public Instruction's proposal to pay the bonus when each subscriber leaves the fund may be disapproved and he may be told that the scheme should be drawn up on the basis of an annual bonus.

This may, I think, be done.

P.R.

7. *Rate of contribution by subscribers.*—The observations of Government under this head are based on paragraph 6 of Mr. Reilly's note on pages 38 and 39 of notes with G.O. No. 692, Educational, dated 28th July 1913. In Mr. Stone's scheme the rates of contributions depend upon the grade of the certificates which the teachers hold. The

Paragraph 3 of G.O. 692, Educational, 28th July 1913.

Government remarked that this arrangement would result in great unwarrantable inequalities in the amounts of contributions payable by subscribers holding the same grade of certificate, but drawing different salaries and suggested the adoption of a rate based on the amount of salary. Mr. Stone points out that the adoption of the grade rate would immensely simplify the whole work of accounting and auditing of the fund and would make it easier to frame an estimate of the cost to the Government, as it will not be possible to gauge the extent of rise in salaries. He considers the analogy of the other public provident funds not suitable, inasmuch as in those cases the local bodies themselves control the establishment for whom the fund is provided and will not naturally raise the salaries except in direct proportion to their resources, while in the case of the teachers' fund now under consideration, the Government have no voice in fixing the rate of salaries. In his opinion, the fund deals with the teachers merely as persons qualified in a particular way, but not as individuals drawing a certain rate of pay. He also observes that according to the Government's proposal, we will have to take the

Mr. Stone's views may be concurred in.

P.R.

managers' statement as to salary and that teacher managers, whose admission to the fund is to be optional, have not fixed salaries at all. The Director of Public Instruction's arguments seem to have some force. The Director also proposes to meet cases of large inequalities by giving power to the inspectors to admit a special rate of contribution from them. With this saving provision, there may not be much objection to Mr. Stone's original scheme.

8. *Recovery of subscriptions.*—Please see paragraph 7 of Mr. Reilly's note on Rules XVIII and XIX on page 10 of G.O. 418, Educational, 18th July 1910. In his original scheme Mr. Stone suggested that the managers should pay the subscriptions on behalf of teachers temporarily into the Post Office Savings Bank and transfer them later to a Government treasury. This

Paragraph 4 of G.O. 692, Educational, 28th July 1913.

system, it was thought, involved much handling of money, afforded many opportunities for loss, mistakes, fraud, etc., and required intricate adjustments between the accounts of the Post Office and the Accountant-General. The Government considered that except in the case of a few unaided schools, where the managers might be asked to remit subscriptions to the district educational authority monthly, it would be simpler to make corresponding reductions from grants-in-aid paid to the schools and that managers might 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 their salary, who, in his turn, might forward to the accountants of the fund a statement of the adjustments against the grant-in-aid.

The Director of Public Instruction points out that his scheme does not involve any more handling of money than is incidental to the management of a school, that the managers may be trusted to pay the subscriptions into the Savings Bank, as they are now trusted to pay the salary to the teachers and that the inspectors can quite easily assure themselves that managers are doing this properly. He is not in favour of the proposal to deduct the contributions from the grants-in-aid, as a school aided in one year may not receive aid subsequently and as some of the largest schools are self-supporting and generally receive no aid. Mr. Stone is opposed to the suggestion that the subscription should be remitted to the district educational authority on the grounds that they require safes to keep the money in and additional clerical assistance, and that fraud and loss are quite as likely to occur as under the Post Office Savings Bank arrangement. He finally states that the contributions may be paid monthly into a Government Treasury by managers.

In the face of the Director of Public Instruction's opinion, it may not be desirable to insist on deductions from grants-in-aid or payments to district educational authorities. The only course open is either to pay in Post Office Savings Bank or in Government Treasury. If the former is considered objectionable, the latter may be adopted, as the Director himself finds no objection to it. But monthly remittances from villages to distant Government treasuries may not always be easy. Post Offices are generally nearer to several villages than Government treasuries.

The payments may be made monthly into the Government treasuries.

P.R.

9. *Accounts of the fund.*—For Mr. Reilly's note under this head, please see paragraph 7 on pages 41 and 42 of notes with G.O. No. 692, Educational, dated 28th July 1913. In Mr. Stone's scheme the accounts are to be kept by the Assistant Inspector of Schools. The Government considered that this would lead to confusion and complications and break down in practice

Paragraph 5 of G.O. 692, Educational, 28th July 1913.

and that the work would more properly be left either to the accounts staff already familiar with similar provident fund transactions or be concentrated in the Accountant-General's office.

The Director of Public Instruction accepts that the work connected with the fund should be concentrated in the Accountant-General's office and that the accounts should be maintained by him. He has not, however, offered any remarks with reference to the Assistant Inspector's duties detailed in Rules XVIII to XX of his scheme on which the criticism of Government was mainly based. But when the central accounts are transferred to the Accountant-General, the Assistant Inspector will have less responsibility and will, more or less, be a collating and transmitting officer. The duties assigned to him under these rules will have to be modified.

Page 10 of G.O. 418, Educational, 18th July 1910.

P.R.

10. In paragraph 6 of G.O. No. 692, Educational, dated the 28th July 1913, the Director was also requested to 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. He was further requested to consider the suggestions made during the discussion of the resolution on the subject moved by the Hon'ble Mr. T. V. Seshagiri Ayyar at the meeting of the Legislative Council on the 4th April 1913. The current letter does not contain any special report on the former point, nor does it show that the latter was considered. The Director says that there should be a central fund for the whole presidency. It may be assumed that he does not advocate district funds. It may also perhaps be presumed that he has no special remarks to offer in respect of the other suggestions.

P.R.

He may still be asked to consider them, when he frames the revised scheme.

11. Two statements, one showing the number of recognised private schools and of certificated teachers in the five years 1907-08 to 1912-13 and the other showing the number of such teachers on th

Paragraph 6 of G.O. 692, Educational, 28th July 1913.

31st March 1913 arranged according to their salaries, have been submitted as required by Government. The annual contribution payable is put down at Rs. 1,79,422 at one anna in the rupee of the salaries and at Rs. 1,74,108 according to the rates proposed by Mr. Stone. It is shown that the latter will be more economical to Government.

P.R. He adds that as contribution to the fund by the teacher-managers is only optional, the annual cost to Government is not likely to exceed one and a half lakhs of rupees for some years to come.

12. Submitted that the file may be sent in the first instance to Financial for remarks.

S.A.—24-12-14.

C.R.—24-12-14.

P. RAJAGOPALA ACHARIYAR—5-1-15.

To the Financial Department.

FINANCIAL DEPARTMENT.

The letter in the current file contains the remarks of the Director of Public Instruction on paragraphs 2-5 of G.O. No. 692, Educational, dated 28th July 1913, pointing out certain serious practical and financial difficulties in the working of the scheme (drawn up * by the Hon'ble Mr. Stone in 1909) for the establishment of a provident fund for certified teachers in recognised schools under private management. The observations of Government in the Government Order quoted above were based on paragraphs 4-7 of Mr. Reilly's notes on pages 36-42 of notes to G.O. No. 692, Educational, dated 28th July 1913. The points on which the Director of Public Instruction has now offered remarks and the suggestions thereon of the Educational Department are dealt with below *serialim*.

Paragraph 2 of G.O. 692, Educational, 28th July 1913, and paragraphs 4 to 6 of Educational notes on page 3 *ante*.

† Paragraph 5 of Mr. Reilly's note on page 38 of notes to G.O. 692, Educational, 28th July 1913.

2. *Constitution of the provident fund—Payment of Government bonuses.*—The Educational Department have finally proposed to adopt the suggestion of this † department, viz., that the Government bonus to a subscriber to the fund should be paid annually instead of in a lump when the subscriber's account in the fund is closed. In this circumstance, no further remarks on the item are called for in this department.

In regard to the observations of Mr. Stone on the item (paragraph 2 of his letter), it is submitted that the main consideration involved in this case should be that the subscribers to the fund should be given as much as possible with the minimum of inconvenience and liability to Government. It has not been reported that the annual bonus system will be less advantageous to the subscribers than the lump bonus system, while in paragraphs 5 and 6 of the Educational Department notes on page 3 *ante*, it has been pointed out that the lump bonus system will be inconvenient to Government and will affect adversely Provincial revenues. There is thus a strong case for the adoption of the annual bonus system advocated by Government, and the criticisms of the Director of Public Instruction regarding the relative advantages of the two systems to subscribers carry not much weight. The only argument adduced against the annual bonus system, worth considering, is that it is likely to swell the fund unnecessarily on account of the forfeiture by teachers of the bonus by their leaving the fund prematurely. Such lapses can be credited to Government or taken in account in regulating Government bonuses for subsequent years and the difficulty apprehended is not likely to arise.

3. In this connection, the Director of Public Instruction enquires whether, according to the system of annual bonuses, it is intended that the whole ten years' bonuses calculated with compound interest thereon would be paid in a lump sum to the fund at the end of ten years' recorded service on behalf of every teacher who joins the fund, since the liability to Government arises only then. The answer to the enquiry should evidently be in the negative. The full bonus will be credited to the subscriber annually on the assumption that he will put in the complete number of years of recorded service to entitle him to the full bonus and such sum or a portion of it which may subsequently lapse on account of the subscriber not becoming entitled thereto will be credited to Government or taken into consideration in regulating later payments of Government bonuses as stated in paragraph 2 *supra*.

4. *Rate of contribution by subscribers.*—The Educational Department propose to de-Paragraph 3 of G.O. 692, Educational, 28th part from the view expressed in paragraph July 1913 and paragraph 7 on page 4 3 of G.O. No. 692, Educational, dated 28th July 1913, that the rate of contribution to the Provident fund by the teachers should depend upon the salary paid to them, and to concur with the view of Mr. Stone that the rate should depend upon the grade of the certificate held by teachers. The Educational Department have taken up the present position on the following arguments of Mr. Stone:—

(1) the adoption of the grade rate would simplify the whole work of accounting and auditing of the fund;

(2) It would make it easier to frame an estimate of the cost to Government, as it will not be possible to gauge the extent of rise on salaries in future years, the Government having no voice in fixing the salaries of the teachers in question.

(3) Government will have to take the managers' statement as to salary, and teacher-managers have not fixed salaries at all.

(4) The Director of Public Instruction also proposes to meet cases where a teacher's pay is much above the normal rate for teachers with his qualifications by empowering the Inspector to fix a rate of contribution for him.

The first of the arguments mentioned above has already been considered by Government in issuing the orders in paragraph 3 of G.O. No. 692, Educational, dated 28th July 1913—*vide* paragraph 6 of Mr. Reilly's notes on page 38 of notes to the Government Order. It does not seem that the second reason has much weight as it is not likely that a rise in the salary of teachers paid by private managers will occur without a corresponding increase in the salary of teachers in Government employ. As the salary of teachers in private employ is generally less than that of the teachers in Government employ and as the increase in the latter case will be in proportion to that of the resources of Government, it is quite unlikely that the increase in the salary of teachers under private managers will be proportionately in excess of the increase in the resources of Government. Mr. Stone already states that the rates originally proposed by him for grade rate system of contribution require reconsideration. The rates will apparently require further revision in future, as the rates of salary of the teachers change. To sum up even under the grade rate system advocated by Mr. Stone, it would not be quite easy to estimate the liability to Government in future years.

As regards the third reason, it has been held that the salary rate will tend to approximate the pay reported to be paid to that actually paid. If this result will be achieved, Mr. Stone's argument, so far as it relates to teachers other than teacher-managers, will be losing force. At any rate the difference in the extra expenditure to Government in the two cases will not be considerable and there seems to be no objection to Government at once accepting the managers' statement as to the salary of teachers. The case of the teacher-managers is however a difficulty, which can be avoided by their fixing their salaries for the purpose of provident funds with the approval of the inspecting officers.

The fourth reason calls for no remarks.

5. The above remarks show that a strong case has not been made out for abandoning the salary rate already approved by Government. Mr. Stone has not also touched upon some of the disadvantages of his grade rate system, which Mr. Reilly has dwelt upon, *e.g.*, the hardship to a low-paid teacher possessing superior certificates, in having to pay a comparatively larger amount of contribution. In view of these circumstances, it is for consideration whether this department should agree to the adoption of the grade rate of contribution from teachers in preference to the salary rate, which has been approved by Government. In this connection, it is pointed out that the teachers seem to be unanimously desirous of having the salary rate system advocated by Government. The expenditure to Government will not be very appreciably less under the grade rate as estimated by Mr. Stone.

Hon'ble Mr. Seshagiri Ayyar's speech in the Legislative Council meeting on 4th April 1913.

1.74 lakhs against 1.79.

6. *Recovery of subscriptions.*—For the reasons now stated by Mr. Stone, the proposal of the Educational Department that payments of contributions may be made by managers of schools monthly into a Government treasury may be accepted, pending the settlement of the question as to how far such a system would throw additional work on the Account Department, which may be ascertained from the Accountant-General when the Director of Public Instruction submits details of the scheme later on.

7. *Accounts of the fund.*—The Director of Public Instruction has accepted the alternative suggestion of Government in paragraph 5 of G.O. No. 692, Educational, dated 28th July 1913, that the work connected with the fund should be concentrated in the Accountant-General's office. No further remarks are called for.

8. It is reported that the annual cost to Government on account of the scheme is not likely to exceed one and a half lakhs of rupees for some years to come, against a sum of three lakhs (approximately) reported to the Government of India. It is submitted that an estimate need be worked out only when the scheme is finally settled after the Director of Public Instruction has submitted details and no action on this point is necessary at present.

9. For orders.

T.R.N.N.—1-2-15.

T.H.R.—2-2-15.

In G.O. No. 692, Educational, dated 28th July 1913, which is based entirely on the notes in this department, Mr. Stone's scheme for the institution of a provident fund for qualified or certificated teachers in recognised schools under private management was virtually rejected by Government as unworkable in respect of some of its main essentials and he was asked to work out and submit a modified scheme which would not be open to the objections indicated by Government. Instead of doing this the Director merely endeavours to argue against the objections raised to his scheme and makes no attempt to submit a modified scheme on the lines suggested by Government. The position is therefore exactly as it was when G.O. No. 692, Educational, was issued on the 28th July 1913.

2. The main points to which Government took exception are—

- (1) the constitution of the fund,
- (2) the rates of subscription to be levied,
- (3) the method by which recovery of the subscriptions should be effected and brought to account, and
- (4) the agency to be adopted for the maintenance of the accounts of each subscriber and the form in which the fund should be maintained.

These points are further discussed in the preceding notes with reference to the further remarks offered by the Director, and as they are matters in regard to which the Audit office would be in a position to offer valuable practical advice, I think we may at this stage ask the Accountant-General kindly to record his remarks. It would, for instance, be useless to decide in favour of the subscriptions being paid monthly by managers of schools into the nearest Government treasuries if it would really be safer and simpler to utilise the Post Office Savings Bank, or to rule in favour of a central fund to be maintained by the Accountant-General if there are insuperable practical objections to the adoption of this course. It may be possible also for the Accountant-General to make a more reliable estimate of the cost involved in the proposals based on the figures supplied by the Director.

B. LAVILLE—14-4-15.

To the Accountant-General.

ACCOUNTANT-GENERAL'S OFFICE.

All the previous papers have been taken out of the file by the Secretariat before its transmission to me. It would have been well if Mr. Reilly's note referred to could have been seen by me. The points on which I consider it necessary to offer any remarks at the present stage are:—

2. (1) *The constitution of the fund.*—The bonus payable by Government equal to the amount of subscriptions levied should be ascertained and added annually instead of at the time of retirement of a subscriber.

Half the amount at credit of the subscriber at any time will represent the amount contributed by Government and any proportionate reduction with reference to the length of service of the subscriber can be easily worked out.

3. (2) *Rate of subscriptions.*—As suggested by the Government of India (in the case of low-paid teachers) in connection with a proposal made by the Government of Eastern Bengal and Assam (*vide* G.O. No. 692, Educational, dated 28th July 1913), a sliding scale may be adopted in the case of all teachers. The principle of calculating the sliding scale will be as follows:—The subscription shall be levied at one anna in the rupee subject to the condition that in the case of pay of Rs. 100 and less it should be a multiple of four annas nearest to the amount calculated at one anna in the rupee and for pay above Rs. 100 shall be in multiples of one rupee.

4. *Recovery of subscriptions.*—The amount should be remitted by the heads of institutions once a month by money order to the Accountant-General, who will collect the subscriptions and keep the accounts. The Government of India should therefore be moved to allow these remittances to be made free of cost. Each subscriber will be given an opportunity to verify the correctness of the amount at his credit by means of annual statements sent to him from my office.

5. *Accounts of the fund.*—In accordance with the principle enunciated by the Government of India in their letter embodied in G.O. No. 692, Educational, dated 28th July 1913, a central fund may be kept, the accounts of which will be maintained and audited in this office.

6. It is assumed in the notes that the bonus which is to be equal to the amount of the depositors' subscriptions should be payable wholly by Government. Attention is however invited to paragraph 2 (iii) of the Government of India Order, Educational department, No. 1057, dated 24th July 1911, embodied in G.O. No. 692, Educational, dated 28th July 1913, in which it is suggested that the school authorities should pay the whole of the bonus in the first instance and that if it is considered desirable that Government should pay any share, such share should be made good to the school authorities by increasing the grant-in-aid to the institution.

K. L. DATTA—26-5-15.

To the Financial Department.

FINANCIAL DEPARTMENT.

Constitution of the fund—[Paragraph 5 on pages 36-38 of notes to G.O. No. 692, Educational, dated the 28th July 1913.

Paragraph 2 (page 9) of G.O. No. 692, Educational, dated the 28th July 1913.
Paragraph 2 of Director of Public Instruction's letter on pages 1-2, current file.

Paragraphs 4 to 6 of Educational note on page 3 *ante*.

Paragraph 2 of Accountant-General's note *supra*.]

According to Mr. Stone's scheme, the bonus from Government will not be paid annually to the credit of the Provident fund (but will be determined and paid at the time of the retirement of a subscriber), while according to the system adopted in the case of all other Provident fund schemes, the bonus is paid annually.

Yes, I think that this is pretty clearly the sound course.

A.B.—20-6-15.

* Paragraph 5 of Mr. Reilly's note on page 38 of Notes to G.O. 692, Educational, 28th July 1913.

2. *Rates of contribution by subscribers*.—Paragraph 6 on pages 38-39 of Notes to G.O. No. 692, Educational, dated the 28th July 1913.

Paragraph 3 (page 9) of G.O. No. 692, Educational, dated the 28th July 1913.

Paragraph 3 of Director of Public Instruction's letter on pages 2-3, current file.

Paragraph 7 of Educational note on page 4 *ante*.

On both sides there are difficulties as has been pointed out by Mr. Stone and in the notes. There is a good deal to be said for Mr. Stone's points of view and I would leave the decision to the Educational department. The point does not really concern Financial very closely.

A.B.—20-6-15.

The Educational department agrees with the Director of Public Instruction in considering that the rates of contribution may depend upon the grade of the certificates which the teachers hold, and not upon the amount of salary as proposed by Financial.†

The Accountant-General, however, agrees with Financial and remarks:—

"The subscription shall be levied at one anna in the rupee subject to the condition that in the case of pay of

We should adhere to this.

L.E.K.—18-6-15.

"calculated at one anna in the rupee and for pay above Rs. 100 shall be in multiples of one rupee."

3. *Recovery of subscriptions*.—[Pages 39 to 41 of Notes to G.O. No. 692, Educational, dated 28th July 1913.

Paragraph 4 on pages 9-10 of G.O. No. 692, Educational, dated the 28th July 1913.

Paragraph 4 of Director of Public Instruction's letter on pages 3-4, current file.

Paragraph 8 of Educational note on pages 4-5 *ante*.

Paragraph 6 of Financial office note on page 8 *ante*.

Paragraph 4 of Accountant-General's note on page 9 *ante*.]

The Educational department and the Accountant-General agree with Financial * in considering that the bonus payable by Government should be ascertained and added annually, instead of at the time of the retirement of a subscriber.

Paragraphs 4 and 5 of Financial office note on pages 7-8 *ante*.

Paragraph 3 of Accountant-General's note on page 9 *ante*.]

The Accountant-General suggests that the amount of subscriptions should be

This seems the best course.

A.B.—20-6-15.

India being moved to allow these remittances to be made free of cost. The Accountant-General's proposal may be accepted

L.E.K.—18-6-15.

—please see paragraph 6 *infra*.

4. *Accounts of the fund*.—[Paragraphs 7 to 15 on pages 39-45 of Notes to G.O. No. 692, Educational, dated 28th July 1913.

Paragraph 5 (page 10) of G.O. No. 692, Educational, dated 28th July 1913.

Paragraph 5 of Director of Public Instruction's letter on page 4, current file.

Paragraph 9 of Educational note on page 5 *ante*.

Paragraph 7 of Financial office-note on page 8 *ante*.

Paragraph 5 of Accountant-General's note on page 9 *ante*.]

The Accountant-General considers that a central fund may be kept, the accounts of which will be maintained and audited in his office. Please see paragraph 6 *infra*.

L.E.K.—18-6-15.

I suppose so. It will be a big concern with about 12,000 teachers to deal with, but the machine is less likely to go out of order, if worked by a single office.

A.B.—18-6-15.

Please see paragraphs 26 and 27 of Mr. Stone's report on page 6 of G.O. No. 418, Educational, dated the 18th July 1910, and paragraph 11 of pages 11-12 and paragraphs 3-4 on pages 26-27 of Notes to G.O. No. 692, Educational, dated the 28th July 1913.

Yes, this is the idea underlying the present scheme but it is not what the Government of India had in view in 1911.

A.B.—20-6-15.

L.E.K.—18-6-15.

The idea is that the scheme should be mainly a Government—subsidizing scheme.

6. *Financing of the scheme*.—In paragraphs 11 to 15 of Mr. Reilly's notes on pages 43-45 of Notes to G.O. No. 692, Educational, dated the 28th July 1913, the question was raised as to whether the proposed Provident fund for teachers in non-pensionable service should be—

(a) a single central fund, the accounts of which would be kept by the Accountant-General, and the funds to be under the control of the Government of India; or

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

No definite orders were, however, passed on this question. The principal advantages to be gained by the second alternative is that the control of the investment would entirely be with the local Government.

It is respectfully submitted that it seems preferable to adopt the first alternative, in view of the fact that the Government of India have distinctly stated in paragraph 2 of their letter, dated the 24th July 1911, 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 and that the usufruct of any such fund should be at the disposal of the Government of India. The accounts of the fund will then, as suggested by the Accountant-General, be maintained and audited in his office.

If the fund is to be under the control of the Government of India, it is submitted

See below.

L.E.K.—18-6-15.

for orders whether the Government of India may be informed that the annual payment of bonus from Government may be paid

into the fund from Imperial revenues.

* Cf. G.O. 1212, Educational, 19th December 1913.

require the local Government to pay the bonus annually into the Provident fund from Provincial funds, a recurring Imperial assignment being given to Provincial revenues representing the initial† annual cost on account of the bonus, the additional cost in subsequent years due to the increase in the number of teachers being borne by Provincial funds.

[Cf. G.O. 58, Financial, 23rd January 1915, page 3; and G.O. 490, Financial, 21st July 1914—pages 2-5 of notes.]

7. The foregoing scheme relates only to qualified or certificated teachers in recognised private institutions and does not relate to teachers in institutions under the control of those local boards and municipalities which are at present unprovided with any Provident fund scheme. Here also, the Government of India will have to be asked to give, as a compensatory recurring assignment to Provincial revenues, an amount at least equivalent to the first year's charge of the bonus which will have to be paid by the local Government (i.e., by the local body concerned).

Page 28 (paragraph 1) of notes to G.O. 692, Educational, 28th July 1913.

This is for Local and Municipal and Education to consider in the first instance.

L.E.K.—18-6-15.

About 45 lakh per annum.

(Page 19 of Notes to G.O. 692, Educational, 28th July 1913.)

the local Government (i.e., by the local body concerned).

V.G.K.—8-6-15.

I am afraid I have kept this case for some time, but it has involved a good deal of reading. For the genesis and a description of the previous history of the case, I would refer the Chief Secretary to the exhaustive notes written in 1913 and recorded with G.O. No. 692, Educational, dated the 28th July 1913. Mr. Stone has replied to the Government Order referred to above and the position taken up by him is merely a defence of the scheme sent up by him and rejected‡ by Government.

‡ See page 9 of G.O. 692, Educational, 28th July 1913.

There has been a good deal of noting on the letter now in the file, but I am very doubtful whether all this noting avails much. The very first question which we are called upon to decide is—are Government teachers? It will be observed that as far back as 1910, the Government had such a scheme under contemplation, but one of the main difficulties which prevented the establishment of a Provident fund was want of money. We are in no better position now, and unfortunately the Government of India, who were anxious to do something for these teachers, are not prepared to help us practically in the consummation of the scheme which they have so much at heart, by financing that scheme. They were told in 1913 that this Government had considered the adoption of some such scheme, but were reluctantly compelled to drop it, principally on the ground that it would entail a great deal of expenditure of public money which could be better employed in furthering education in more direct ways. They were also told that the scheme would cost about three lakhs of rupees, and it was not possible for this Government to find so large a sum, and they were accordingly asked whether they were prepared to finance the scheme. Their reply || was not very encouraging. The local Government were informed that the Government of India would have no objection if the former devoted a portion of the Imperial recurring grants for education towards the constitution of a Provident

G.O. 418, Educational, 18th July 1910.

Cf. page 17 of notes to G.O. *ibid*.

§ Cf. G.O. 394, Educational, 1st May 1913.

|| Letter from the Government of India in G.O. 1212, Educational, 19th December 1913.

of the Imperial recurring grants for education towards the constitution of a Provident

fund. The local Government, however, would not hear of this; and the reply was that the grants hitherto made to this Presidency had all been appropriated in full towards other objects involving recurring expenditure, and that as regards the future there was little hope of finding any money for the scheme.

2. The question now is—can Government find any money for the scheme; and I think there is little doubt that the answer will be that it cannot. This being the case, I am doubtful whether we are any forwarder than we were in 1913, or even in 1910. In the circumstances, it is for consideration in the Education department whether it is worth while proceeding with these discussions which, in the absence of money, are of purely academic value. Financial can, of course, have no objection to details being threshed out and some sort of a working arrangement being sent up to the Government of India, so that they may consider the principles which the Government of Madras consider should govern the scheme. As regards details, the issues have been narrowed down to the points mentioned in the preceding Financial note, and I have noted on the margin. It will be for Education department to get the Director of Public Instruction to draw up a scheme in accordance with the views of Government; but, if, and when, such a scheme is submitted to the Government of India, Financial should, I submit, ask that as the fund will be wholly an Imperial affair, born of the Imperial Government and managed by them, that Government should also meet the cost of the scheme. I would even deprecate an assignment arrangement. In all such assignments the local Government generally stands to lose and the Government of India to win. The assignment merges in Provincial revenues, and though it may at first be adequate to meet the cost of a scheme instituted at the behest of the Government of India, as time goes on, Provincial liabilities increase and no further contributions are forthcoming from Imperial revenues.

3. As regards the extension of the scheme to teachers in institutions under the control of local boards and municipalities, the question must first be considered in Local and Municipal and Educational departments.

Yes, this is another matter with which Financial need not concern itself now.

A.B.—20-6-15.

L. E. KERSHAW—18-6-15.

I agree generally with the views of the Assistant Secretary. The remarks made by Government in G.O. No. 418, Educational, dated 18th July 1910, when they abandoned the scheme of a Provident fund for teachers in schools under private management, seem to me to be very weighty and to have lost none of their weight through the lapse of five years.

Dr. Bourne in 1911 estimated the cost of the scheme at a maximum of two lakhs.

G.O. 692, Educational, 28th July 1913.

Mr. Seshagiri Ayyar in a speech in the Legislative Council put it at three lakhs.

Dr. Bourne's figure omitted the cost of the establishment necessary to work the scheme and I suppose that this is the reason why we told the Government of India in letter No. 693, Educational, dated 28th July 1913, that the approximate cost would be three lakhs.

At present we are told that the cost will be about * 1.50 but Mr. Stone says that this figure is only approximate and he too has omitted the necessary but wasteful expenditure on the establishment required to work the fund. Probably we may put the whole cost approximately at 2.00. But that is only the initial cost.

* This assumes that the Government share equals the teachers' share in each year, but this would not happen unless all the teachers becoming entitled to benefit in a year had put in 25 years' service. Thus 1.50 is to be regarded as the probable maximum cost according to the calculation of the Director of Public Instruction.

Now it is certain that, if this Government agreed to introduce the scheme and if, which is improbable, the Government of India agreed to give us a compensating assignment, they would, in accordance with their established principle, limit the assignment to the initial cost and, thus, gradually, more and more Provincial money would have to go into the fund.

I am therefore at one with the Assistant Secretary in deprecating any application for assignment from Imperial and agree that, if any further action at all is to be taken, the Government of India should be asked to manage the whole matter as an Imperial concern. They will almost certainly refuse to do this and I think that the

* I gather that the Government of India have not answered our letter 1213, Educational, 19th December 1913, and I am not sure whether they expect any further communication from this Government.

Madras Government should now definitely drop * the matter as they did five years ago.

It is certain that the establishment and control of this fund will in practice and apart from the question of finances

prove a difficult matter. On the question of finances this department should in my opinion take a decided line. Of our annual increase of revenues we assign 2-00 to the Educational department and in fact our allotment is always in excess of this figure. We have very heavy demands for recurring expenditure from other departments ahead of us and it would not be just to the Presidency at large to set aside annually for the Educational department a sum rising from 2-00 for the purpose of this fund. If the fund is to be established it must either be at the cost of Imperial or the cost will have to be met from the ordinary Educational budget framed on the basis of an annual increase of 2-00.

In 1910 the Government said that the scheme 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".

It is for Educational to decide whether these words do not hold good still.

2. The above remarks are made on the assumption that any Provident fund for the teachers concerned will be subsidized directly by Government. That however was not the proposal made by the Government of India in 1911. They then suggested

G.O. 692, Educational, 28th July 1913, that the fund should be wholly constituted of contributions from the teachers and the managing bodies, the Government "taking into consideration" the latter contributions when fixing the grant to the institution. I do not find that this suggestion of the Government of India has received much consideration in previous notes though there is some reference to the subject in paragraphs 26 and 27 of Mr. Stone's report in G.O. No. 418, Educational, dated 18th July 1910. It is probable that, from a financial point of view, the Government of India plan of adding to grants would amount to much the same thing as a system of direct Government subsidies but it is for Educational to consider whether the Government of India's suggestion demands any more consideration than it has already received. It will be observed that the Government of Eastern Bengal and Orissa Government of India contemplated only "some measure" of Government assistance "to start" the scheme. Mr. Stone's proposal for a contribution from Government rising to a sum equal to the teacher's share seems to go beyond the measure of assistance contemplated by either the Government of Eastern Bengal and Orissa or the Government of India.

G.O. 692, Educational, 28th July 1913, page 3, paragraph 4.

who started this correspondence with the

† The proposal was to limit the Government share to one-fourth of the teacher's share: the present proposal is to give a sum which may be equal to the teacher's share.

the measure of assistance contemplated by either the Government of Eastern Bengal and Orissa or the Government of India.

Honourable Member, Financial, should see.

A. BUTTERWORTH—20-6-15.

To the Educational Department.

EDUCATIONAL DEPARTMENT.

The views on the several main points raised in the above notes are summarized below for convenience of reference.

2. *Constitution of the fund.*—The Educational and Financial departments agree that the bonus to be contributed by the Government should be added annually to the subscription.

P.R.—6-7-15.

3. *Rate of contribution by subscribers.*—Though in paragraph 3 of G.O. No. 692, Educational, dated the 28th July 1913, it was originally suggested that the subscription should ordinarily be levied on the actual amount of salary drawn, at the usual rate of one anna in the rupee, the Educational department agreed with the Director that the rate might depend upon the grade of the certificate of the teacher. The Financial department has left the decision of this question to Educational. It

It may stand.

P.R.—6-7-15.

4. *Recovery of subscriptions.*—The Educational department suggested the payment of subscriptions into the Government treasuries, while the Financial department accept the Accountant-General's proposal that the amounts should be remitted to him, by money order, the Government of India being moved to allow these remittances free of cost. The suggestion of Financial may, it is submitted, be accepted.

P.R.—6-7-15.

5. *Accounts of the fund.*—Both departments agree that a central fund may be kept, the accounts being maintained and audited in the Accountant-General's office.

P.R.—6-7-15.

6. With reference to the Chief Secretary's remarks on the desirability of proceeding with the scheme in the face of the decision to abandon it arrived at in 1910*, it is respectfully submitted that the question was revived later on, at the instance of the Government of India and in consequence of local agitation in the form of petitions and interpellations. A specific resolution on the subject moved at the meeting of the Legislative Council on 4th April 1913 to the effect that it was highly desirable to institute for the benefit of teachers under private management a Provident fund under the control of the Government, was accepted in principle by the

* G.O. 418, 18th July 1910.

Please see papers in G.O. 692, 28th July 1913.

P.R.—6-7-15.

Though it was originally stated that the expenditure proposed for such a fund might be more usefully spent on other objects, the necessity for the fund has since been definitely recognized as tending to afford a desirable attraction to the teaching profession. The letter from the Government of India above referred to bears this out; and the resolution of that Government on Educational policy also strongly urges its introduction in the following terms:—

"They attach the greatest importance to the provision for the old age of teachers, either by pension or Provident fund. . . . 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 upon this subject."

Paragraph 53, pages 15 and 16 of G.O. 394, Educational, 1st May 1913.

Please compare the Hon'ble Sir Harold Stuart's note, dated the 26th June 1913, on page 50 of the notes with G.O. No. 692, Educational, dated the 28th July 1913.

P.R.—6-7-15.

7. As regards the recommendation of the Chief Secretary to consider again the Government of India's suggestion that the fund should be wholly constituted of contributions from teachers and managing bodies (the Government taking into

EDUCATIONAL DEPARTMENT.

Submitted for orders as to circulation to His Excellency and the Honourable Member (Financial).

C.R.—2-11-15.

A draft is submitted for consideration as directed in His Excellency the Governor's note on the previous page.

C. G. TODHUNTER - 3-11-15.

Government are bound by their public commitments to forward this scheme to the Government of India. but there is little chance that at the present time the Government of India will be able to find the money. His Excellency proposes therefore to modify paragraph 4 of the draft as follows:—

Paragraph 4.—“As already observed, the Governor in Council is unable to meet this heavy additional charge from Provincial revenues, but I am to express a hope that, when financial considerations permit, the Government of India will see their way to assist the Madras Government by making a grant of the necessary funds. In the meantime I am to request that the scheme may be considered by the Government of India in order that, if their general approval should be given to it, this Government may be enabled to prepare and submit for sanction the further detailed rules that are required. It will thus be possible to introduce the scheme without further delay when the financial conditions are more favourable.”

(By Order.)

H. G. STOKES—5-11-15.

The question of basing the contribution on salary instead of on grade has not been further examined and I still think that the former is the better method, but the point is not of first rate importance and I do not press my view. I accept His Excellency's amendment of paragraph 4.

H. A. S[UART]—19-11-15.

[G.O. Nos. 1256-57, Educational, dated 22nd November 1915.]

EDUCATIONAL DEPARTMENT.

C.No.3534 Edl., from the D.P.I.

No.5693, dated 13th November 1914.

ORDER;—No 1256 Edl of 22-11-15
P.S.,

The Government of India will be

addressed.

LETTER; No 1257 Edl of 22-11-15

To

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

Sir,

In continuation of the correspondence ending with Mr. Francis's letter, No.1213, dated the 19th December 1913, I am directed to address you on the subject of the institution of a provident fund for the benefit of all qualified or certified teachers in recognized schools under private management.

2. In paragraph 5 of Mr. Francis's letter

Received by me on 26.11.15
26.11.15
Notes in OS
27.11.15
35. Spencer's plates
24.11.
7/12/15

letter^{no.} 593, dated the 28th July 1913,
reference was made to the fact that details
of a practical project were under considera-
tion.. The main outlines of this scheme
have since been settled and the following
is a summary thereof:--

- (a) The scheme is for the establishment
of a single provident fund for the benefit
of all certificated teachers in recognized
schools under private management. Contri-
bution to the fund is to be obligatory on
all qualified teachers in recognized
schools under managers, except in the case
of schools in which the managers are
teachers themselves or of teachers who
are classed as Europeans under the Code
of Regulations for European Schools. In
these cases contribution would be optional.
- (b) The amount of the contribution is to
be determined by the grade of the
teacher's certificate. The teachers for
this purpose will be divided into five

Draft rules IV to VI on page 8
of L.P. no. 418 Vol (T)
18-7-10

page 9 of do

classes - first grade collegiate, second grade collegiate, upper secondary, higher elementary, and lower elementary - and the normal rates of subscription will rise gradually from the lower elementary to the first grade collegiate. This basis of contribution has been specially adopted, in preference to a rate based on salary drawn in view of the circumstances that in private schools salaries vary with the resources of the managing bodies; while teacher-managers have no fixed salaries at all. The adoption of the grade rate will also simplify the work of accounting and audit and avoid the complications due to acting allowances. In order, however, to meet the case in which a teacher's pay is much above the normal rate for teachers of his grade, it is proposed to provide for raising his contribution to that fixed for a higher class.

(c) The contributions of the teachers are to be remitted by money order monthly

para. 3- page 2 of c-f

A. L.'s note on page 10 of note file

by the management to the accountant-general in whose office the accounts relating to the fund will be maintained and audited.

(d) It is proposed that an amount equal to that contributed by the teacher should be paid directly every year by the Government and added to the fund to his credit, and interest allowed. It is not proposed to call upon the management of private schools to contribute because it is apprehended that such a requirement would be liable to result in the management cutting down salaries to provide for the contribution.

(e) When the subscriber's account is closed, no bonus will be paid by Government if his service amounts to ten years or less. For longer terms less than ~~twenty~~ ^{twenty-five} years a sliding scale is to be arranged. For a service of ~~twenty~~ ^{twenty-five} years ~~above~~ full bonus will be given. Half the amount at credit of the subscriber at any time

cf para. 7 of Exl. note on p. 17 of note file.

Rule xxv on page 11 & appendix F on page 18 of Exl. 418 Exl. 18-7-10 (T)

note

The D. J. has stated that the scale in Rule 8 & probably appendix F will need revision para. 3, page 3 of c.f.

19/12/28

will represent the amount contributed by Government.

(+) If these proposals are eventually approved, the Government of India will be moved to sanction the remittance of contributions to the fund by postal money order free of cost.

3. The average annual cost of the scheme for schools under private management only is roughly estimated at the outset at 1.50 lakhs.

As regards the schools under the management of local bodies, as observed in paragraph 4 of Mr. Francis's letter No. 693, dated the 28th July 1913, provident funds already exist in all district boards and in the majority of municipal councils in this Presidency. If the teachers in these schools are also brought within the scope of the general fund, an additional expenditure of about Rs. 31,000 will have to be incurred. A further considerable sum must

para. 2 of H.S.'s note on page 10 of note file

para. 6 of D.P.'s letter on page 5 of c.f.

cf. para. 8 on page 18 of note file

be added for cost of the account establishment.

The total cost of the scheme

including this may be taken approximately

at ^{two} lakhs for the present, the estimate

of ^{more} lakhs mentioned in the letter re-

ferred to being taken as an ultimate

estimate.

4. As already observed, the Governor

in Council is unable to meet this heavy additional charge from Provincial revenues;

and I am therefore to request that the

Government of India will be pleased to

carry out the scheme as an Imperial

concern.

5. On receipt of general approval to

the scheme, the detailed rules will be

submitted for sanction.

I have etc.

88
16.10.15

4. As already observed, the Governor in Council is unable to meet this heavy additional charge from Provincial revenues but I am to express hope that, when financial considerations permit, the Govt. of India will see their way to assist the Madras Govt. by making a grant of the necessary funds. In the meantime I am to request that the scheme may be considered by the Govt. of India in view of the fact that general approval should be given to it, this Govt. may be enabled to prepare and submit for sanction the further details that are required. It will thereby be possible to introduce the scheme without further delay when the financial conditions are more favourable.

on page 239.

K. R. S. P. S.

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Educational

DEPARTMENT.

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G.O. No. 1256/1257 dated 22-11-1915

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SPECIAL INSTRUCTIONS.

Provident fund.

Addressing the Govt of India in regard to the institution of a _____ for the benefit of all qualified or certified teachers in recognized schools under private management.

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