

Government of Madras.

EDUCATIONAL DEPARTMENT.

Recd.

Regd.

} 1915.

Enclosures

Spare copies

G.O. No. 776, 16th July 1915.

Lawrence Memorial school, Ootacamund.

Accepting, with certain modifications, the draft rules submitted by the Committee of the —
for the working of a Provident fund in connection with the school and requesting the Committee
to state whether it accepts the revised rules and agrees to bring them into force from the 1st
January 1916.

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GOVERNMENT OF MADRAS.

EDUCATIONAL DEPARTMENT.

READ—the following papers :—

I

G.O. No. 227, Educational, dated the 27th February 1915.

ABSTRACT.—Requesting the Committee of the Lawrence Memorial school, Ootacamund, to elaborate its new Provident fund scheme, and draw up full and detailed rules.

II

Letter—from Major-General A. PHAYRE, C.B., General Officer Commanding, 9th (Secunderabad) Division, and Chairman of the Committee of the Lawrence Memorial School.

To—the Secretary to Government, Educational Department (through the Director of Public Instruction and the Accountant-General, Madras).

Dated—Ootacamund, the 31st March 1915.

No.—6165.

I have the honour to acknowledge receipt of G.O. No. 227, Educational, dated the 26th February 1915, and, as requested therein, to submit draft rules for revised Provident fund for this school, which the Solicitors to the Committee consider, will serve the purpose required very well and be very simple to work.

2. The Committee consider that the rules and procedure should be as simple as possible, and have endeavoured to combine the views of the Accountant-General with the general practice holding for European schools in India.

3. In order to meet paragraph (ii) of the Accountant General's note, the Committee propose that the fund should be opened in the Bank of Madras, Savings Bank Department, in the joint names of the Vice-Chairman of the Committee, who is the Collector of the Nilgiris, and the Principal of the school, but that each Savings Bank pass book should be in the subsidiary name of the member of the staff concerned. The Bank of Madras have agreed to this, and have also agreed, following the procedure of other banks regarding the Provident fund of European schools, to give 4 per cent. interest on deposits thus made.

4. The Committee cannot agree with paragraph (iii) of the Accountant-General's note—to do so would be to nullify entirely their main contention, viz., that the Provident fund of this school must give advantages comparable with those obtained from the Provident funds of similar European schools in India. They are prepared, somewhat reluctantly, to agree to the Accountant-General's suggestion that no bonus should be payable to members of the staff who do not complete five years' service in the school—but after five years' approved service, they consider it essential that the full bonus should be paid. European teachers very rarely stay more than five years or so without getting better positions elsewhere and the main point of all the Provident funds of similar European schools as submitted in my former letter is that a cent. per cent. bonus is payable after one full year's service. Again to take an example, say of the Headmistress of the Girls' branch. It is necessary that she should be an experienced and capable teacher, and it has always been found necessary to appoint a lady who has had experience as headmistress of a smaller school. It is very rarely that such a one has the strength to do her work for more than five to ten years at the outside. Unless she can get her full bonus after doing her five years' approved service, the field of selection is curtailed. Also as the Committee, the Director of Public Instruction and the Accountant-General are apparently all agreed that an equal amount to the compulsory deduction should be given

monthly as bonus, there seems little point in giving it with one hand, and taking it away with the other. The Committee therefore are strongly of opinion that the Provident fund of this school would always be a deterrent instead of an inducement in obtaining the services of teachers unless the full bonus was able to be earned, as in other European schools, within the ordinary period of a teacher's service, i.e., after at the most five years' service.

5. The procedure suggested by the Committee is very convenient, and follows in the main that found to be suitable for other European schools. To take for instance—

A (a member of the staff) on Rs. 80 per mensem. One anna in the rupee, i.e., Rs. 5 will be deducted from his pay monthly. An equal sum, i.e., Rs. 5 will be paid by the school monthly and the Rs. 10 sent to the Bank of Madras, Ootacamund, to be placed to his credit in a Savings Bank Account in the name of the Vice-Chairman and Principal, but with the Savings Bank book held in A's subsidiary name. At the end of four years, A leaves. He would have at his credit Rs. 480 *plus* interest at 4 per cent., i.e., Rs. 504 in all. His Savings Bank book is withdrawn on signature of Vice-Chairman and Principal and Rs. 252 given to A, while Rs. 252 reverts to school. On the other hand, if A puts in five years' or over approved service, his Savings Bank book, signed by the Vice-Chairman and Principal, would be handed to him intact.

This does away with the present very inconvenient system of part of the Provident fund being in Post office Savings Bank, part invested by the Post office Savings Bank, small amounts sent monthly to the Accountant-General for investment through the Director of Public Instruction and the Vice-Chairman, with the small and the complicated items of interest which have to be divided in proportion among all members yearly.

6. The additional cost to the school will be practically negligible. As mentioned in annexure B of my former letter, the additional amount payable from schools funds would be about Rs. 50 per mensem. From this may be deducted the interest on the Rs. 4,555 mentioned in the same annexure, which would be placed in school fixed Deposit Account No. 3 at 4 per cent., and therefore bring in about Rs. 15 per mensem. The net amount payable from school funds would therefore be about Rs. 35 and from this may also be deducted bonuses not paid to members of staff who do not complete five years' service, which bonuses would revert to the school. However, neglecting this latter deduction, which cannot be fairly estimated, the Committee consider that Rs. 35 per mensem is a practically negligible sum in a school where the expenditure is about two lakhs of rupees per annum, while the advantages, in making the staff feel that they were treated equally with other European schools, would be very great.

The Committee therefore trust that their proposal will meet with the approval and sanction of Government, and would be grateful if the new arrangement could commence with effect from 1st April 1915.

ENCLOSURE.

Rules for the working of the Provident Fund for the staff of the Lawrence Memorial school, Lovedale.

The fund shall be called the Lawrence Memorial school Provident fund and shall be held in the Bank of Madras, Savings Bank section, in the names of the Vice-Chairman and the Principal. Any alteration in the investment of the Provident fund shall only be made by the Vice-Chairman and the Principal with the consent of the Committee.

2. Six and one-fourth per cent. or one anna in the rupee shall be deducted monthly from the salary of each member of the staff and placed to the credit of the fund and earmarked by the name of the member concerned, interest thereon being allowed at the present time by the Bank of Madras at 4 per cent. An equal amount shall be paid monthly to the credit of the fund from school funds—

E.g., an officer drawing Rs. 80 per mensem will have Rs. 5 per mensem deducted from his salary and paid into the Savings Bank Account.

The school will also pay Rs. 5 per mensem into the Savings Bank Account to his credit.

3. Should the member of the staff leave the service of the school within five years, the amount of his contribution to the Provident fund and the interest earned thereon will be refunded to him—but the bonus paid by the school and the interest earned thereon shall, except under the special order of the Committee, be recredited to the school funds.

4. Should a member of the staff leave the service of the school after an approved service of five years the sum standing to his credit including the interest shall be paid him in full, provided always that, in case the service of any member of the staff is dispensed with by the Committee on the ground of serious misconduct, the Committee shall have the power of refusing to grant the bonus and interest accruing from school funds. In such cases the amount paid by the contributor and the interest thereon shall be returned to him, and the bonus paid by the school and the interest earned thereon shall revert to school funds.

5. The term "Members of the staff" in these rules shall be held to exclude all menial servants.

6. All members of the staff shall be required after entering the service of the school to bind themselves to contribute to the Provident fund. The Principal may however exempt any member from joining provided that—

(i) he is satisfied that the member of the staff concerned is drawing a pension or is paying a sufficient annual premium for insurance elsewhere, and

(ii) that the member of the staff in question does not desire to join the Provident fund.

7. In the event of any member of the staff dying, his legal representative shall be entitled to all the benefits such deceased person had in the Provident fund at the time of his death upon his producing to the Committee the proper legal authority to receive the same.

N. Ref. on Cur. No. 218-14, dated 21st April 1915.

Submitted to Government through the Accountant-General.

H. S. DUNCAN,
Director of Public Instruction.

Endorsement of the Accountant-General, No. L.F. (8-20) of 14-15-16—738, dated 13th May 1915.

Forwarded.

2. I adhere to the view expressed in my note of the 26th January 1915 that the amount of bonus earned should progress with the length of service of the subscriber. According to the Committee's proposals, the bonus payable to the teachers would be nothing more than an addition to the pay of the staff and would not afford any inducement to the officers to stay in the school.

3. The rules should also provide distinctly that the benefit of the Provident Fund Institution cannot be availed of by temporary employes and that bonus is not to be calculated on acting allowances.

K. L. DATTA,
Accountant-General.

To the Secretary to Government, Educational Department.

Order—No. 776, Educational, dated the 16th July 1915.

In the proceedings read above the Government said that they had no objection to the proposal of the Committee of the Lawrence Memorial school, Ootacamund, to close the existing Provident fund of the school and to start a new one on somewhat different lines, provided that the fund in its new form did not throw any appreciable additional burden on the finances of the school. The new scheme and the draft rules therefor, submitted by the Committee, have been examined with reference to the financial position of the school, and the Government consider that the only material alteration which should be made in the draft rules is in regard to the rate of bonus to be allowed to the members of the staff from the school funds. This may be fixed at three-fourths of an anna in the rupee instead of one anna as proposed by the Committee. From rule 8 of the existing rules it will be seen that the amount of contribution made from the school funds to the Provident fund is three-fourths of the total contribution paid by the members of the staff.

2. As regards the disposal of the contributions and bonuses of the existing staff in the present Provident fund, the Government accept the proposal of the Committee that each contributor to the new fund should be allowed his contributions to the existing fund and the interest thereon and also the bonus as already paid from the school funds, i.e., three-fourths of the amount deducted from his salary. The total amount will be credited to the member's account in the new fund. The balance left in the existing fund after this has been done should be placed in fixed deposit account at 4 per cent. as proposed by the Committee.

3. The cases of the members of the staff who have served for many years before the introduction of the existing Provident fund will, of course, be specially considered, as already promised in paragraph 3 of G.O. No. 826, Educational, dated the 10th December 1907.

4. The draft rules as revised by the Government are annexed to this order. The Government consider that retrospective effect should not be given to these rules and that they should be brought into force from the 1st January 1916. The Committee will be requested to state whether it accepts the revised rules and agrees to bring them into force from that date.

(True Extract.)

C. G. TODHUNTER,
Ag. Secretary to Government.

To the Committee of the Lawrence Memorial School, Ootacamund.
" Director of Public Instruction.
" Accountant-General.

ANNEXURE.

Rules for the working of the Provident fund for the members on the staff of the Lawrence Memorial school, Ootacamund.

The fund shall be called the Lawrence Memorial school Provident fund and shall be held in the Bank of Madras, Savings Bank section, in the names of the Vice-Chairman and the Principal. Any alteration in the investment of the Provident fund shall only be made by the Vice-Chairman and the Principal with the consent of the Committee.

2. A contribution at $6\frac{1}{2}$ per cent. or one anna in the rupee shall be deducted monthly from the salary of each member of the staff and placed to the credit of the fund and earmarked by the name of the member concerned, interest thereon being allowed at the present time by the Bank of Madras at 4 per cent. per annum. An amount equal to three-fourths of the contribution deducted from the salary of each member shall be paid monthly to the credit of the fund from school funds.

[The word "salary" occurring in this rule does not include acting allowances.]

Illustration.—An officer drawing Rs. 80 per mensem will have Rs. 5 per mensem deducted from his salary and paid into the Savings Bank Account. The school will pay Rs. $3\frac{3}{4}$ per mensem into the Savings Bank account to his credit.

3. If a member of the staff should leave the service of the school within five years, the amount of his contribution to the Provident fund and the interest earned thereon shall be refunded to him, but the bonus paid by the school and the interest earned thereon shall be recredited to the school funds.

4. If a member of the staff should leave the service of the school after an approved service of five years the total sum standing to his credit including the interest shall be paid to him in full, provided always that, in case the service of any member of the staff is dispensed with by the Committee on the ground of serious misconduct, the amount paid by the contributor and the interest thereon shall be returned to him, but the bonus paid by the school and the interest earned thereon shall be recredited to the school funds.

5. All members of the staff shall be required to bind themselves to contribute to the Provident fund. The Principal may, however, exempt any member from joining the fund provided he is satisfied that the member is drawing a pension or is paying a sufficient annual premium for insurance elsewhere.

6. In the event of any member of the staff dying, his legal representative shall, if the member had rendered a service of at least five years, be entitled to all the benefits such deceased person had in the Provident fund at the time of his death, on production to the committee the proper legal authority to receive the same. If, however, the deceased member had rendered less than five years' service his legal representative shall be entitled to receive only the deceased member's contribution and the interest thereon.

7. The term "Members of the staff" in these rules shall be held to exclude all menial servants and temporary employés.

EDUCATIONAL DEPARTMENT.

NOTES CONNECTED WITH G.O. No. 776, EDUCATIONAL, DATED THE 16TH JULY 1915.

[SUBJECT.—Draft rules of the revised provident fund scheme of the Lawrence Memorial School, Ootacamund.]

Previous papers :

G.O.	778, Educational,	30th November 1906.
"	826	10th December 1907.
"	175	10th March 1908.
"	391-92	9th July 1910.
"	552	11th June 1913.
"	142	6th February 1914.
"	1245	7th November "
"	843	14th "
"	227	26th February 1915.
"	361	29th March "
"	564	27th May "

From the Chairman of the Committee of the Lawrence Memorial School, Ootacamund, dated the 31st March 1915, No. 6165.

Please see the notes and orders with G.O. No. 227, Educational, dated the 26th February 1915. In this order the Government stated that they had no objection to the proposals of the Committee of the Lawrence Memorial School, Ootacamund, to close the present provident fund of the school and to start a new one on somewhat different lines, provided the fund in its new form did not throw any appreciable additional burden on the finances of the school and asked the committee to elaborate its scheme and draw up full and detailed rules. The remarks of the Accountant-General dealing with a few points which should, in his opinion, affect the general ground on which any proposals for such a scheme should be based were at the same time communicated to the committee for consideration. These remarks are—

"(i) As regards the proposal that the scheme should be based on the rules for the provident funds for other similar schools in India, I would point out that some of the existing schemes, outlined in Page 7 of G.O. 227, Educational, 26th February 1915, "annexure A" to the Chairman's letter, are unsound, and I cannot agree that the fact that they exist elsewhere is a sufficient reason for introducing them here. At the same time, I am prepared to concede that in view of the special field of recruitment of the officers concerned and of the special conditions of their service, the rules need not be similar to those of provident funds for local bodies.

"(ii) If a separate Savings Bank Account is opened for each member of the staff, there will not, in any sense, be a 'fund' and such a scheme would greatly complicate the accounts, unless it is proposed that every member should be granted a full bonus irrespective of the length of his service or the circumstances of his resignation or dismissal.

"(iii) It is essential that the amount of bonus earned should progress with the length of service of the subscriber. It is immaterial whether the progress is by regular yearly stages, or by setting two or three boundaries at which a claim to one-fourth, half, three-fourths and full bonus will be established. The amount of bonus credited to the depositor's account at the end of a year may be equal to his own subscription, but the whole of it should be payable to him only if he has put in a minimum period of service in the school as this minimum should not be fixed lower than 20 years and no bonus should be payable unless the total service is at least five years, when one-fourth of the bonus credited to his account may be paid to him and, after that, he may be paid an additional twentieth of the bonus for every completed year of additional service. No bonus should be payable in cases of dismissal or removal from service.

"(iv) The rules may empower the committee to exempt members of the staff from subscribing by laying down rules, similar to those in rule 12 of the General Provident fund rules, regarding approved life-insurance elsewhere.

"I do not consider that any provident fund rules would be sound, if they failed to provide for points (ii) and (iii)."

2. The committee says that, in the draft rules now submitted, it has endeavoured to combine the views of the Accountant-General with the general practice obtaining in European schools in India. The draft rules will now be examined *seriatim*.

Draft rule (1).—The fund shall be called the Lawrence Memorial School Provident fund and shall be held in the Bank of Madras, Savings Bank Section, in the names of the Vice-Chairman and the Principal. Any alteration in the investment of the Provident fund shall only be made by the Vice-Chairman and the Principal with the consent of the committee.

Agreed.

See below.

P.R.—6-6-15.

A.B.—25-6-15.

Draft rule (2).—Six and a quarter per cent. or one anna in the rupee shall be deducted monthly from the salary of each member of the staff and placed to the credit of the fund and earmarked by the name of the member concerned, interest thereon being allowed at the present time by the Bank of Madras at 4 per cent. An equal amount shall be paid monthly to the credit of the fund from school funds:—

E.g., an officer drawing Rs. 80 per mensem will have Rs. 5 per mensem deducted from his salary and paid into the Savings Bank Account. The school will also pay Rs. 5 per mensem into the Savings Bank Account to his credit.

Committee's remarks.—"In order to meet paragraph (ii) of the Accountant-General's note, the committee propose that the fund should be opened in the Bank of Madras, Savings Bank Department, in the joint names of the Vice-Chairman of the committee, who is the Collector of the Nilgiris, and the Principal of the school—but that each savings bank pass book should be in the subsidiary name of the member of the staff concerned. The Bank of Madras have agreed to this, and have also agreed, following the procedure of other banks regarding the provident fund of European schools, to give 4 per cent. interest on deposits thus made."

Accountant-General's remarks.—"The rules should provide distinctly that bonus is not to be calculated on acting allowances."

Office remarks.—With reference to the Accountant-General's remarks the following addition may be made after the words

P.R.—6-6-15.

Financial agrees.

A.B.—25-6-15.

"school funds" in rule (2): "the word 'salary' occurring in this rule does not include acting allowance."

From paragraph 4 *in/ra* it will be seen that the finances of the institution will not admit of an equal amount of bonus being paid to the credit of the provident fund from school funds. It is therefore for consideration whether for the words "an equal amount" may be substituted the words "an amount equal to three-fourths of the contribution deducted from the salary of each member." The figure "5" occurring in the last sentence of the illustration will then have to be altered into "3 $\frac{3}{4}$ ". The present contribution from school funds is three-fourths* and it seems undesirable to increase the strain on the financial resources of the school. There is, however, nothing to prevent the school contribution being raised in future if the finances of the institution should improve. In this connection it may be mentioned that no undertaking has been given by Government that they will agree to an equal contribution being paid from school funds.

I agree.

P.R.—6-6-15.

Financial agrees.

A.B.—25-6-15.

* *Vide* rule 8 on page 7 of G.O. 826, Educational, 10th December 1907.

Cf. Financial note on page 7 of notes with G.O. 227, Educational, 26th February 1915.

As the present contribution is only three-fourths and as the finances of the school are not satisfactory, I would retain that rate.

P.R.—6-6-15.

equal contribution being paid from school funds.

Draft rule 3.—Should the member of the staff leave the service of the school within five years, the amount of his contribution to the provident fund and the interest earned thereon will be refunded to him—but the bonus paid by the school and the interest earned thereon shall, except under the special order of the committee, be recredited to the school funds.

Draft rule 4.—Should a member of the staff leave the service of the school after an approved service of five years the sum standing to his credit including the interest shall be paid him in full, provided always that, in case the service of any member of the staff is dispensed with by the committee on the ground of serious misconduct, the committee shall have the power of refusing to grant the bonus and interest accruing from school funds. In such cases the amount paid by the contributor and the interest thereon shall be returned to him, and the bonus paid by the school and the interest earned thereon shall revert to school funds.

Committee's remarks.—"The committee cannot agree with paragraph (iii) of the Accountant-General's note—to do so would be to nullify entirely their main contention, viz., that the provident fund of this school must give advantages comparable with those obtained from the provident funds of similar European schools in India. They are prepared, somewhat reluctantly, to agree to the Accountant-General's suggestion that no bonus should be payable to members of the staff who do not complete five years' service in the school—but after five years' approved service, they consider it essential that the full bonus should be paid. European teachers very rarely stay more than five years or so without getting better positions elsewhere and the main point of all the provident funds of similar European schools as submitted in

Appendix A on page 7 of G.O. 227, Educational, 26th February 1915.

"my former letter is that a cent per cent bonus is payable after one full year's service. Again to take an example, say of the headmistress of the girls' branch, it is necessary that she should be an experienced and capable teacher, and it has always been found necessary to appoint a lady who has had experience as headmistress of a smaller school. It is very rarely that such a one has the strength to do her work for more than 5 to 10 years at the outside. Unless she can get her full bonus after doing her 5 years' approved service, the field of selection is curtailed. Also as the committee, the Director of Public Instruction and the Accountant-General are apparently all agreed that an equal amount to the compulsory deduction should be given monthly as bonus, there seems little point in giving it with one hand, and taking it away with the other. The committee therefore are strongly of opinion that the provident fund of this school would always be a deterrent instead of an inducement in obtaining the services of teachers unless the full bonus was able to be earned, as in other European schools, within the ordinary period of a teacher's service, i.e., after at the most five years' service."

"The procedure suggested by the committee is very convenient, and follows in the main that found to be suitable for other European schools. To take for instance:—

"A (a member of the staff) on Rs. 80 per mensem. One anna in the rupee, i.e., Rs. 5 will be deducted from his pay monthly. An equal sum, i.e., Rs. 5 will be paid by the school monthly and the Rs. 10 sent to the Bank of Madras, Ootacamund, to be placed to his credit in a savings bank account in the name of the vice-Chairman and the Principal but with a savings bank book held in A's subsidiary name. At the end of four years A leaves. He would have at his credit Rs. 480 plus interest at 4 per cent., i.e., Rs. 504 in all. His saving bank is withdrawn on signature of vice-Chairman and Principal and Rs. 252 given to A while Rs. 252 reverts to school. On the other hand if A puts in 5 years' or over approved service, his savings bank books signed by the vice-Chairman and Principal would be handed to him in tact. This does away with the present very inconvenient system of part of the provident fund being in Post Office Savings Bank, part invested by the Post Office Savings Bank, small amounts sent monthly to the Accountant-General for investment through the Director of Public Instruction and the Vice-Chairman, with the small and complicated items of interest which have to be divided in proportion among all members yearly."

Vide rules 8 and 10 on page 7 and 8 of G.O. 826, Educational, the 10th December 1907.

Accountant-General's remarks.—"I adhere to the view expressed in my note that the amount of bonus earned should progress with the length of service of the subscriber. According to the committee's proposals, the bonus payable to the teachers would be nothing more than an addition to the pay of the staff and would not afford any inducement to the officers to stay in the school."

Office remarks.—It is for consideration whether in view of the representations of

May be done.

P.R.—6-6-15.

See below.

A.B.—25-6-15.

The changes proposed by the office to draft rules 3 and 4 appear to be suitable and I would accept them.

P.R.—6-6-15.

Financial agrees.

A.B.—25-6-15.

Draft rule 5.—"The term 'members of the staff' in these rules shall be held to exclude all menial servants."

Committee's remarks.—Nil.

Accountant-General's remarks.—"The rules shall distinctly provide that the benefit of the provident fund institution cannot be availed of by temporary employees."

Agreed.

P.R.—6-6-15.

Financial agrees.

A.B.—25-6-15.

Draft rule 6.—All members of the staff shall be required after entering the service of the

The words underlined might perhaps be omitted. In the case of new employees they would naturally be required to bind themselves before entering service.

A.B.—25-6-15.

(i) he is satisfied that the member of the staff concerned is drawing a pension or is paying a sufficient annual premium for insurance elsewhere and

(ii) that the member of the staff in question does not desire to join the provident fund.

Accountant-General's remarks.—Nil.

P.R.—6-6-15.

Clause (ii) practically abrogates the whole rule and I would omit it.

A.B.—25-6-15.

Draft rule (7).—In the event of any member of the staff dying, his legal representative shall be entitled to all the benefits such deceased person had in the provident fund at the time of his death upon his reproducing to the committee the proper legal authority to receive the same."

Committee's remarks.—Nil.

Accountant-General's remarks.—Nil.

Office remarks.—No restriction as to the minimum period of service having been imposed, the legal representative of any member of the staff (dying even after one year's service) would apparently be entitled not only to the contribution paid by the deceased member but also to the bonus credited to his account. As the committee has agreed to refuse bonus to

Agreed.

P.R.—6-6-15.

Cf. office-note at foot of page 1 of notes to G.O. 227, Educational, 26th February 1915.

this period of service. If this suggestion is approved the rule may be recast thus:—

the committee full bonus may be allowed after five years' service. If this is allowed the following minor alterations are suggested in these two draft rules. The words "except under the special order of the committee" occurring in rule 3 and the words "the committee shall have the power of refusing to grant the bonus and interest accruing from school funds. . . . In such cases" occurring in rule 4 may be omitted, as it is inadvisable to allow any discretion to the committee.

Office remarks.—Accountant-General's suggestion may be accepted and the words "and temporary employés" added at the end of the rule.

school to bind themselves to contribute to the provident fund. The Principal may, however, exempt any member from joining provided that—

Office remarks.—This rule which is in accordance with the Accountant-General's original suggestion (No. (iv) in paragraph 1 ante) may be approved.

persons leaving the service without rendering at least five years' service, the same principle may be adopted in the case of persons dying without rendering

May be adopted.

P.R.—6-6-15.

Financial agrees.

A.B.—25-6-15.

"In the event of any member of the staff dying, his legal representative shall, if the member had rendered a service of at least five years, be entitled to all the benefits such deceased person had in the provident fund at the time of his death upon his producing to the committee the proper legal authority to receive the same. If, however, the deceased member had rendered less than five years' service his legal representative shall be entitled to receive only the deceased member's contribution and the interest earned thereon."

3. Nothing is mentioned in the draft rules as to what should be done in regard to the contributions and bonuses of the existing staff in the present provident fund when that is closed. Probably the committee adheres to the following views contained in annexure B to its letter No. 3584, dated the 23rd September 1914—

Page 7 of G.O. 227, Educational, 26th February 1915.

"Each contributor to be repaid his own contributions and interest thereon and also (in order to save members of the present staff being penalized), the bonus as already paid from school funds (i.e.), three-fourths of the amount deducted from pay of the staff. This sum would be credited

See below.

A.B.

to the member's own account in the new provident fund. The cases of members of the staff who have served for many years before the introduction of the Provident fund should be specially considered as they occur in accordance with paragraph 3 of G.O. No. 826, Educational, dated the 10th December 1907." These suggestions which appear to be unobjectionable

P.R.—6-6-15.

may be approved and may perhaps be embodied in the Government order to be issued.

4. The Government stated that the new Provident fund rules should be so

G.O. 227, Educational, 26th February 1915.

framed as not to throw any appreciable additional burden on the finances of the school. In regard to this matter the committee observes as follows with reference to the scheme now submitted by it:—

"The additional cost to the school will be practically negligible. As mentioned in annexure B of my former letter, the additional amount payable from school funds would be about Rs. 50 per mensem. From this may be deducted the interest on the Rs. 4,555 mentioned in the same annexure, which would be placed in school Fixed Deposit Account No. 3 at 4 per cent. and therefore bring in about Rs. 15 per mensem. The net amount payable from school funds would therefore be about Rs. 35 and from this may also be deducted bonuses not paid to members of staff who do not complete five years' service, which bonuses would revert to the school. However, neglecting this latter deduction, which cannot be fairly estimated, the committee consider that Rs. 35 per mensem is a practically negligible sum in a school where the expenditure is about two lakhs of rupees per annum, while the advantages, in making the staff feel that they were treated equally with other European schools, would be very great." The figure Rs. 4,555 mentioned above is arrived in the annexure referred to as follows:—

	RS.
The total amount at credit of the present provident fund on the 1st September 1914	14,000
The total amount required to discharge liabilities to members (i.e.) by crediting the amount due to them to their account in the new provident fund.	9,445
Balance ..	4,555

(This balance will probably be larger, if the present provident fund is closed at the end of the official year 1914-15 or 1915-16 instead of on the 1st September 1914). There seems to be no objection to this balance, whatever that may be, being placed

in the fixed deposit at 4 per cent. Interest accruing therefrom will be not less than Rs. 15 per mensem. The total additional cost is mentioned as Rs. 50 per mensem. This has been calculated as follows: "The school now pays an average of Rs. 190 per mensem towards the provident fund. Under the new rules the amount payable would be approximately Rs. 240 per mensem, i.e., a difference of Rs. 50 per mensem." The figure Rs. 240 appears to be an underestimate. With reference to the latest establishment list printed on pages 11 and 12 of G.O. No. 361, Educational, dated the 29th March 1915, it has been calculated that the amount payable to provident fund will be Rs. 285 per mensem. The net additional cost (excluding the interest of Rs. 15 per mensem above mentioned) will then amount to Rs. 80 per mensem or Rs. 960 per annum. As against this amount will have to be taken into account the lapsed bonuses of persons who may leave the service or die without rendering the minimum five years' service which however cannot be estimated and it must also be mentioned that some members of the staff will be exempted from contributing to the provident fund. The additional cost involved in the new provident scheme cannot in any case be "practically negligible" as observed by the committee. From paragraph 2 of letter No. 565, Educational, dated the 27th May 1915, it will be seen that the financial position of the institution is not satisfactory.

I would rather make it the 1st January 1915.
P.R.—6-6-15.

Financial agrees that the scheme should not be given retrospective effect.
A.B.—25-6-15.

6. Submitted that the Financial Department may be consulted before passing orders.
B.G.—3-6-15.

P. RAJAGOPALA ACHARIYAR—6-6-15.

To the Financial Department.

FINANCIAL DEPARTMENT.

The case relates to the revision of the rules of the provident fund established from 1st January 1908 for the Lawrence Memorial School, Ootacamund.

		Rs.
*Annual fixed grant	48,000	
Further grant	6,000	
Grant for repairs to buildings ..	2,400	
Grant recently sanctioned	15,000	
Total	71,400	

†Page 10 of G.O. 361, Educational, 29th March 1915.

3. Turning to the rules, attention is invited to the Accountant-General's note, dated 26th January 1915, and subsequent Financial Department notes on pages 8 to 10 of notes to G.O. No. 227, Educational, dated 26th February 1915. The main points raised by the Accountant-General were:—

Paragraph (ii) on page 8 of notes to G.O. 227, Educational, 26th February 1915.

(a) There should be a savings bank account for the fund as a whole.

(b) The bonus earned should progress with the length of service of the subscriber, no bonus being payable for less than five years' service, and full bonus after completion of twenty years' service.
Paragraph (iii) *id.*

(c) The committee should be empowered to exempt individual members of the staff from subscribing if they have insured in approved life insurance companies.

4. In regard to (a) and (c), the committee have provided for them in the new rule (1) and (6). The Accountant-General has no remarks to offer on these rules. They may be accepted.

5. With reference to (b) the committee have reluctantly accepted that no bonus is payable for less than five years' service—*vide* new rule 3, but consider that after five years' service full bonus should be paid.

The Accountant-General points out that this rule would not afford any inducement to the officers to stay in the school. The committee argue—

(i) that European teachers very rarely stay more than five years or so without getting better positions elsewhere.

(ii) that it is sometimes necessary to get old and experienced teachers who will have rarely strength to work for more than 5 to 10 years.

(iii) that when equal bonus is credited month by month, there is no point in subsequently taking it away.

If the teachers leave the institution after five years or so in order to better their position, there seems to be no necessity to give them a bonus at all. The object of giving a bonus from the funds of the institution is to induce them to stay* for a larger period, so that the institution may have experienced and efficient teachers; and this object would be frustrated if full bonus should be given after short periods of service. The case of teachers recruited at an advanced age on account of their experience in smaller institutions can perhaps be met by empowering the committee to grant the full bonus on the condition that the teacher does not retire before attaining the age of 55; or retires on medical certificate before that age. Such cases will be rare as the average age of teachers entering service in the institution is stated to be 27. The last argument has no force as the bonus is credited every month on the assumption that each subscriber will serve 20 years in the institution. It would seem for the reasons stated above that it would be better to give bonus at so many twentieths of the length of service of the subscriber, full bonus being payable after 20 years.

*But you must get them first. They might give shy of an institution where the bonus rules are not as good as elsewhere.

L.E.K.—22-6-15.

See below.

L.E.K.—22-6-15.

to give bonus at so many twentieths of the length of service of the subscriber, full bonus being payable after 20 years.

6. *Rate of bonus.*—In regard to the rate of bonus payable from the funds of the institution, the committee have adopted a bonus equal to the contribution of each subscriber, but the Educational Department suggest that it will be sufficient to give three-fourths of the contribution as at present.

Under the existing rules, a subscriber gets bonus as follows:—

Before 5 years' service	Nil.
After 5	$\frac{5}{20}$ or $\frac{1}{4}$.
" 10	$\frac{10}{20}$ or $\frac{1}{2}$.
" 15	$\frac{15}{20}$ or $\frac{3}{4}$.
" 20	$\frac{20}{20}$ or full.
" 30	full.

The bonus thus varies with the length of service of the subscriber. The three-fourths contribution is made merely for the purposes of a sinking fund to meet the liabilities arising each year when "a subscriber's account is closed. If the Educational department's suggestion were adopted, the result would be that a teacher after

five years' service would get three-fourths of his contribution, while under the existing rules he gets one-sixth only, whereas a teacher after 30 years' service would get only three-fourths of his contribution while he will now get full bonus. Thus the proposed rule will benefit the teacher who leaves the school after a short period at the expense of the teacher who has put in much larger service.

L.E.K.—22-6-15.

This is another reason for adopting a system of bonus progressing with the length of service. Looking however to the financial condition of the institution, a three-fourths contribution at the end of 20 years would seem sufficient.

7. *Extra cost of the scheme.*—The committee calculate the cost of the existing scheme at Rs. 190 per mensem on an average. This represents only the gross amount paid into the sinking fund.

On page 7 of G.O. No. 227, Educational, dated 26th February 1915, it is pointed out that after paying the teacher's contributions with interest and three-fourths of the amount as bonus, there will be a sum of Rs. 4,555 to the credit of the fund. This amount represents the amount that has lapsed during the seven years the fund has been in existence, so that an average saving of at least Rs. 650 per annum or Rs. 54 per mensem may be expected. In the ordinary course the saving would have been greater as several men would receive less than three-fourths contribution. The real cost according to the existing scheme may however be roughly taken at Rs. 190—54 = 136 per mensem.

The extra cost of the several proposals will then be as follows:—

	Extra cost per mensem.
	RS.
(a) Committee's proposals (cost of new scheme as calculated by Educational is Rs. 285 per mensem).	149
(b) Educational Department proposals (cost of new scheme is $\frac{2}{3} \times 285 = 214$).	78
(c) As suggested by Financial office	78*

Not in future. [* There will also be savings on account of lapses of bonus of teachers leaving service between 5 and 20 years.]

A.B.—25-6-15.

8. The other minor alterations suggested by Educational in the rules do not call for remarks and may be accepted.

T.A.S.—20-6-15.

I would accept the proposals of the Education Department in their entirety. As regards the number of years after which the full bonus may be paid, a good deal has been made of the necessity for retaining the teachers in the school, but you must first catch your hare. If the rule about payment of bonuses is made too strict it will deter persons from joining the school as teachers as they would be able to get better terms elsewhere. Before therefore you can retain your teachers you must first get them. The committee have, I think, made out a good case and we may accept the rule as now proposed.

L. E. KERSHAW—22-6-15.

I have noted in the margin of the Educational note.

Page 1.—The investments are to be made on the security of the Bank and not in Government Promissory notes. The latter would be safer but the Bank gives a higher rate and I suppose we may accept the security as sufficient if, as I understand, the moneys of provident funds of other similar schools are invested in bank securities.

Page 4.—There is force in what the Accountant-General says as to the advantages of a system of bonuses advancing proportionately to length of service but the committee has arguments on the other side and I do not think Financial need object to full bonus after five years.

Page 6.—Existing members of the staff will profit by having the three-fourths bonus now only *nominally* to their credit in full, being made *absolutely* so. This, however, is unavoidable and the proposal in paragraph 3 on page 5 and 6 need not be objected to. In this connection a question arises. Are any members of the present staff not compelled to join the existing fund? If so it seems necessary to arrange specially that they shall have the option of joining the new fund.

The probable extra cost after allowing for lapses on account of departure within five years may be put at about Rs. 800 a year. It is for Educational to decide whether this extra cost can be faced. Financial is not concerned as Provincial will not pay anything in any case.

A. BUTTERWORTH—25-6-15.

To Educational Department.

EDUCATIONAL DEPARTMENT.

A draft order is submitted for approval. The draft rules submitted by the committee, as revised in accordance with the notes in the preceding pages and rearranged with slight verbal alterations, are annexed to the draft order. It is proposed to ask the committee to state whether they accept the revised rules, as was done in the case of the existing rules—*vide* paragraph 4 of G.O. No. 826, Educational, dated the 10th December 1907.

2. The total amount of the bonuses to be credited monthly to the accounts of the members of the staff under rule 2 amounts to Rs. 214. From this has to be deducted Rs. 190 the amount at present contributed from school funds to the existing provident fund and Rs. 15 the amount of interest expected from the proposed investment of the savings amounting to Rs. 4,555 in the existing fund, or Rs. 205 in all. The net additional cost involved in the introduction of the new scheme thus amounts to Rs. 9 per mensem or Rs. 108 per annum. The additional cost will probably be reduced to *nil* if the amount of lapsed bonuses under rule 3 which cannot be estimated is taken into account. The Chief Secretary however puts down the extra cost at Rs. 800 a year. This amount apparently includes the average annual savings amounting to Rs. 650 in the existing fund. As these savings have never been or intended to be utilised to meet the ordinary expenditure of the school, they should not, it is submitted, be taken into account; and there is the interest of Rs. 15 per mensem or Rs. 180 per annum expected from the proposed investment of the total amount of the

$$* 800 - (650 + 180) = - 30.$$

savings, which should also be excluded. The net additional cost will then be *minus* * Rs. 30 or *nil*. Calculated in either way, it is submitted, the extra cost will be nothing, and this result has been obtained by reducing the proposed rate of bonus from one anna to three-fourths of an anna per rupee. All these calculations are only approximate, and the actual additional cost, if any, will only be known after the new scheme has been worked for two or three years. So far as can be gauged at present it is not

P.R.—10-7-15.

likely that the new scheme will throw any appreciable additional burden on the finances of the school.

3. Another matter which has been mentioned by the Chief Secretary is that if any members of the staff are not compelled to join the existing fund it is necessary to allow them the option of joining the new fund. Submitted that the Principal (the Rev. Mr. Padfield) is the only member of the staff whom it was originally proposed to exempt from the operation of the existing fund, but the Government pointed out that it was obligatory on him also to join the fund—*vide* paragraph 2 of G.O. No. 175, Educational, dated the

P.R.—10-7-15.

10th March 1908. No action therefore

appears to be necessary in regard to the Chief Secretary's suggestion.

B.G.—8-7-15.

Draft order for approval.

P. RAJAGOPALA ACHARIYAR—10-7-15.

P[ENTLAND]—14-7-15.

[G.O. No. 776, Educational, dated the 16th July 1915.]

ORDINARY.

PRESS SLIP.

PREFERENCE.

URGENT (a).

Scott. II-38-2-15.

DEPARTMENT.

Current No. dated 191

G.O. No. 7684 dated the 16th July 1915.

Number of MS. pages sent {
 (b) Correspondence 17 (Seventeen)
 (b¹) Notes 27 (Twenty-seven)

Brief subject.....

[Please see within]

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Total		31	17

FOR ISSUE.†

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[P.T.O.]

A

В

C

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Referencer.
Clerk.

Referencer.
Clerk.

..Supdt.

Supdt.

Sundt

Laurens Memorial School, Gataramu.

Accepting, with certain
modifications, the draft rules
submitted by the Committee of the
for the working of a provident fund
in connection with the Schools
requesting the Committee to state whether
it accepts the revised rules & agrees to
bring them into force from the
1st Jan: 1916.

Diary.

Initials of
Press official.

Received in Press on.....	20/7/15	20
First proof furnished on.....	21/7/15	21
Call for revised proof received on.....		
Revised proof furnished on.....		
Corrected proof received for striking on.....	2/8/15	23
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Total ...	68			

Sectt. II-10 (a)—12-1-15.

DEPARTMENT

READ AGAIN G.O. No. 2278d, dated the 27th February/1915.

” ” ” ” ” 191 .

READ ALSO:—

C. No. 1714, From the Committee of the, No. 6168, dated the 31st March 1918.
L. M. School, Gotaesamund.

191

191

ORDER.

No. 1705, dated the 16. 7. 1916.

P.S.

In the Proceedings read above the
Government ^{said} ~~stated~~ that they had no

objection to the proposal of the Committee

of the Lawrence Memorial School, Ootaca-

mund, to close the existing provident

fund of the school and to start a new one

on somewhat different lines, provided

that the fund in its new form did not

throw any appreciable additional burden

on the finances of the school. The

new scheme and the draft rules ~~new~~ sub-

mitted by the Committee have ~~accordingly~~.

been

been examined with reference to the financial position of the school, and the Government consider that the only material alteration which should be made in the draft rules is in regard to the rate of bonus ~~to~~ to be allowed to the members of the staff from the school funds. ~~It has been decided~~ ^{may be} ~~fix~~ ^{at} at three-fourths of an anna in the rupee instead of one anna ^{as} proposed by the Committee. From rule 8 of the existing rules it will be seen that the amount of contribution ~~by~~ made from the school funds to the Provident fund ~~is~~ is three-fourths of the total contribution paid by the members of the staff.

Page 7 of ^(W) G.O. 826 Edli:
16.12.07

As regards the disposal of the contributions & bonuses of the existing staff in the present Provident fund,
Para 3 on pp 14 & 15 of note file.

2. The Government accept the proposal of the Committee that each contributor to the new fund should be allowed his contributions to the existing ~~Provident~~ fund and the interest thereon and also the bonus as already paid from the school funds i.e. three-fourths of the amount

deducted

deducted from his salary. • The total amount will be credited to the member's account in the new ~~Provident~~ fund. The balance left in the existing ~~Provident~~ fund after this has been done should be placed in fixed deposit ^a Account at 4 per cent as proposed by the Committee.

3. The cases of the members of the staff who have served for many years before the introduction of the existing Provident fund will, of course, be ~~special~~ as already promised specially considered in para 3 of G.O.

(W) 826 Edl., dated the 10th December 1907.

4. The draft rules as revised by the Government are annexed to this order. The Government consider that retrospective effect should not be given to these rules and that they should be brought ~~with~~ into force from the 1st January 1916.

The committee will be requested to state whether it accepts the revised rules and

to bring them into force from that date.

To The Committee of the Lawrence Memorial School, Ootacamund.

* D. P. I.

* A. G.

Sign & Seal
aw
9/8/15

NS
8.7.15

[Annexure]

