Government of Madras.

EDUCATIONAL DEPARTMENT.

Recd.] 1906. Enclosures

Reg.] Spare copies

G.O., No. 778, 30th November 1906.

INDEXED.

Lawrence Asylum, Ootacamund.

Approving the proposal of the Committee of the — to introduce a scheme for the payment of gratuities to the employés of the Asylum, modifying the rules suggested by the Committee in connection with the scheme and requesting the Committee to state whether it accepts the rules as thus revised.

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GOVERNMENT OF MADRAS.

EDUCATIONAL DEPARTMENT.

Read—the following papers:—

I

G.O., No. 428, Educational, dated 22nd June 1905.

Abstract.—Sanctioning the payment of a gratuity of Rs. 1,200 to Mr. S. Atkinson, Telegraphic instructor of the Lawrence Asylum, Ootacamund.

II

Letter—from the Rev. A. W. Atkinson, M.A., Principal and Secretary, Lawrence Asylum, Ootacamund.
To—the Secretary to Government, Educational Department (through the Director of Public Instruction).
Dated—Lovedale, the 2nd October 1905.
No.—1619.

I have the honour, in compliance with your memorandum No. 256, Educational, dated 3rd May 1905, paragraph 1, and by direction of the Committee of the Orphan Lawrence Asylum, to forward herewith, for submission to Government, a scheme for the payment of gratuities to employés of the Asylum.

2. The scheme has been carefully considered by the Committee and has been compared with similar schemes, viz., the Harbour Trust, Railway and Local Fund Provident institutions, the Civil Orphan Asylum fund, etc., and they are of opinion that the rules laid down for its effective working are exceedingly simple, involving neither responsibility on the asylum authorities, nor the maintenance of any extra establishment.

3. Item No. 9 of the memorandum submitted herewith suggests the calculation of gratuities by so many thirtieths; but the Committee would leave it to Government to consider, as in the case of some other schemes, the advisability of sanctioning a bonus equal to the amount standing to the credit of an employé on the date of his retirement; but if this suggestion is considered too liberal the concession might be specially made to an employé after 25 years' service. This concession would be one-sixth more than laid down in the scheme and instances of such long services (from experience in the past), would very seldom occur.

The Committee would be glad if Government will be pleased to sanction the scheme and to order its adoption on the 1st January 1906.

Enclosure.

Memorandum on a scheme for the payment of gratuities to Asylum employés for long and good service.

A note by the Vice-Chairman gives a general idea of the proposed scheme, details of which are as follows. The scheme is simplicity itself, as there is no responsibility; no books or accounts to be kept and no investments. It has also the advantage of compelling employés to contribute somewhat towards the future and it commends itself to all.

1. A fund is unnecessary.

2. Employés to agree to a deduction of one anna in the rupee monthly from their salaries which amount is to be lodged monthly in their own names in the Post Office Saving's Bank.

3. The pass books to be in the custody of the Principal and Secretary and a receipt to be given to each individual.

4. In case of death the nominee appointed, to receive the deceased's pass book.

5. One office book only to be kept, in which the names of the depositors and the amounts deducted monthly for deposits are to be entered and submitted to the Principal and Secretary for signature.

6. Employés must serve five years before becoming entitled to any gratuity on retirement.

7. Dismissal for misconduct debars the payment of any gratuity, but the pass book to be returned to the party dismissed.

8. No gratuity is to be given to the nominee of deceased employé.

9. On retirement after five years' service an employé to receive a gratuity, which will be calculated by so many thirtieths, according to the number of years he has served, of the total amount standing to his credit in the Savings Bank on the date of leaving.

Illustration.—A case of an employé in the receipt of Rs. 100 per mensem.

Number of years (service) for which the employé has subscribed to the fund, say 15

Amount in Savings' bank—

	Rs.
Total monthly deductions	1,125
Interest to date	X
Total to credit	Rs. 1,125 *plus* X

On retirement the Asylum to pay 15/30 or ½ of Rs. 1,125 *plus* X. The employé would therefore retire with a total of Rs. 1,125 *plus* X (his own savings) *plus* ½ of Rs. 1,125 *plus* X gratuity from Asylum funds.

10. Separate receipts, one for the gratuity paid and one for the delivery of the pass book to be obtained as vouchers in every case.

11. The Post office now receives deposits up to Rs. 2,000. Should this sum be reached the amount to be withdrawn and placed in the depositor's name in the Savings Bank of the Bank of Madras which receives deposits up to Rs. 5,000.

12. Savings Bank deposits not to be liable to attachment by the Civil Court.

Reserve fund.—There are at present fixed deposits of Rs. 5,000 belonging to the male branch, in the Post Office Savings Bank and another sum of Rs. 5,000 in the Branch Bank of Madras, Ootacamund. These amounts might be set apart as a reserve from which gratuities should be met. Whenever a gratuity is paid from it, the amount to be repaid from the current balance in the bank—male and female branch as the case may be.

Present employés.—Calculations to be made and recorded of the amounts each would have deposited from the dates of joining the Asylum up to the date the scheme is started. These sums added to the sum deposited from the latter date to represent the total amount on which the gratuity will be calculated.

The two Presses.—These rules might be applied to the Press employés also. The Press has a reserve of Rs. 27,000 intended to meet gratuities.

Native servants.—These might be allowed to participate in the scheme.

III

Endorsement by the Hon'ble Mr. A. G. Bourne, D.Sc., F.R.S., Director of Public Instruction, dated 20th October 1905, *N.R.O.C. No.* 8423.

Submitted to Government.

IV

Memorandum No. 20, Educational, dated 16th January 1906.

The Principal and Secretary of the Lawrence Asylum, Ootacamund, is requested to be so good as to calculate and report the amount for which the Lawrence Asylum funds would be liable on the 31st January 1906 under the clause headed "present employés" in item No. 12 of the memorandum on the scheme for the payment of gratuities to the Asylum employés for long and good service, if retrospective effect is given to the scheme. The calculation should be given separately in the case of each of the present employés.

(By Order.)

C. A. Souter,
Ag. Assistant Secretary to Government.

To the Principal and Secretary, Lawrence Asylum, Ootacamund
(through the Director of Public Instruction).

V

Letter—from the Rev. A. W. Atkinson, M.A., Principal and Secretary, Lawrence Asylum, Ootacamund.
To—the Secretary to Government, Educational Department (through the Director of Public Instruction).
Dated—Lovedale, the 17th February 1906.
No.—3054.

In accordance with Memorandum No. 20, Educational, dated 16th January 1906, I have the honour to forward herewith a statement giving particulars of present employees who have more than five years' service and would be entitled to gratuities according to the proposed scheme.

2. Nos. 14 and 15, owing to long service, might be regarded as exceptional and be treated accordingly on their merits.

3. It is suggested that no gratuities should, as a rule, be paid on contributions after 30 years' service. An employee may add to his contributions to the very end of his service, however long it may be.

4. From the calculations submitted, it will be seen that the amount for which the Lawrence Asylum funds would be liable on the 31st January 1906 is Rs. 3,678, excluding Nos. 14 and 15.

Enclosure.

Statement of services of present employees liable to gratuity on 31st January 1906.

Names.	Date of joining.	Probable savings.	Service.	Proportion of gratuity.	Amount of gratuity.	Number of months' salary represented.
		Rs. A.	Years.		Rs. A.	
1. Geo. Maddox, Esq. ..	4th January 1891 ..	3,373 2	15	15/30	1,686 9	5·6
2. Mr. C. Coultrup	14th ,, 1898 ..	571 11	8	8/30	152 7	1·2
3. Miss Hollingsworth ..	19th ,, 1897 ..	399 9	9	9/30	119 13	1·8
4. Mr. Kodange	1st April 1899 ..	259 11	$6\frac{9}{12}$	$6\frac{9}{12}$/30	58 7	·9
5. Mr. Perkins	9th August 1890 ..	577 5	$15\frac{8}{12}$	$15\frac{8}{12}$/30	296 10	5·9
6. Sergt. Curtis	3rd February 1894 ..	798 5	$11\frac{11}{12}$	$11\frac{11}{12}$/30	317 1	3
7. ,, Hurst	22nd July 1897 ..	484 0	$8\frac{6}{12}$	$8\frac{6}{12}$/30	137 2	1·7
8. ,, Taylor	1st June 1900 ..	355 15	$5\frac{7}{12}$	$5\frac{7}{12}$/30	66 3	·8
9. Mrs. Forkgen	11th ,, 1895 ..	368 14	$10\frac{7}{12}$	$10\frac{7}{12}$/30	130 0	2·6
10. Mr. Nageswarier	9th August 1897 ..	204 9	$8\frac{5}{12}$	$8\frac{5}{12}$/30	59 10	1·3
11. Miss Sprowles	1st March 1891 ..	601 12	$14\frac{10}{12}$	$14\frac{10}{12}$/30	297 8	4·2
12. ,, L. Copcutt	3rd February 1900 ..	175 7	$5\frac{11}{12}$	$5\frac{11}{12}$/30	34 10	·7
13. Mrs. Lambert	1st November 1900.	106 4	$5\frac{3}{12}$	$5\frac{3}{12}$/30	18 4	·5
*14. Mr. Closson	1st August 1873 ..	3,089 6	$32\frac{5}{12}$	$32\frac{5}{12}$/30	3,338 0	22·2
*15. ,, Burrows	1st January 1864 ..	5,598 2	42	42/30	7,837 6	34·8
16. Mrs. Campbell	1st June 1894 ..	511 14	$11\frac{7}{12}$	$11\frac{7}{12}$/30	197 13	3·9
17. Miss Wilde	1st January 1895 ..	288 12	11	11/30	105 14	2

* Exceptional cases.

VI

Endorsement by the Hon'ble Mr. A. G. Bourne, D.Sc., F.R.S., Director of Public Instruction, dated 1st March 1906, N.R.O.C. No. 8423/05.

Submitted to Government with reference to memorandum No. 20, Educational, dated 16th January 1906.

VII

Memorandum No. 217, Educational, dated 9th May 1906.

With reference to the scheme for the payment of gratuities to the employés of the Lawrence Asylum at Ootacamund submitted with the letter of the Principal and Secretary, No. 1619, dated 2nd October 1905 (copy enclosed for reference and return), the Accountant-General is requested to state whether he knows of any similar arrangement in connection with any institution which is not covered by the Charitable Endowments Act, 1890.

(By Order.)
C. A. Souter,
Ag. Assistant Secretary to Government.

VIII

Letter—from W. Dobbie, Esq., Accountant-General.
To—the Secretary to Government, Educational Department.
Dated—Madras, the 26th May 1906.
No.—O.A.-25.

I have the honour to acknowledge the receipt of your Memorandum No. 217 of the 9th May 1906 enquiring whether I know of any arrangement for the payment of gratuities to employés in connection with any institution which is not covered by the Charitable Endowments Act. There is only one instance that I can call to mind, and of it I have no official information. I allude to the Madras Christian College in which there is a provident or retiring fund for the teachers of the college which provides for the subscriptions of the teachers being supplemented from college funds. I would also invite attention to paragraph 2 of letter No. 1619, dated the 2nd October 1905, from the Principal and Secretary, Lawrence Asylum, forwarding the scheme which is under consideration in which he mentions the existence of a Provident Fund in connection with the Civil Orphan Asylum. I have no knowledge, however, of this latter fund.

IX

Memorandum No. 250, dated 5th June 1906.

The Bursar of the Madras Christian College is requested to be so good as to furnish this Government with a copy of the rules relating to the Professors' and Teachers' retiring funds in connection with the college.

(By Order.)
C. A. Souter,
Ag. Assistant Secretary to Government.

X

Memorandum No. 251, dated 5th June 1906.

The Directors of the Madras Civil Orphan Asylums are requested to be so good as to furnish this Government with a copy of the rules relating to the Teachers' retiring fund in connection with the asylums.

(By Order.)
C. A. Souter,
Ag. Assistant Secretary to Government.

XI

Letter—from the Rev. J. M. Russell, Bursar, Madras Christian College.
To—the Secretary to Government, Educational Department.
Dated—Yercaud, the 11th June 1906.

With reference to your Memorandum No. 250 of 5th June 1906 I send you a copy of the rules of the retiring funds of the college. I regret that the only copy at present accessible to me is my office copy which explains why the words "The Bursar" appear on the cover.

XII

Letter—from the Honorary Secretary, Civil Orphan Asylums.
To—the Secretary to Government, Educational Department.
Dated—Kilpauk, the 11th June 1906.

In compliance with the request contained in your Memorandum No. 251, dated 5th June 1906, I have the honour to forward by book-post a copy of the rules relating to the Teachers' retiring fund in connection with the above asylums.

Order—No. 778, Educational, dated 30th November 1906.

With his letter No. 1619, dated 2nd October 1905, the Principal and Secretary, Lawrence Asylum, Ootacamund, submits for the sanction of Government a scheme for the payment of gratuities to persons in the service of the Asylum. The following are the main features of the scheme :—

(1) each employee to pay a subscription of one anna in the rupee of his salary, the amount being lodged in his name in the savings bank and the pass book being kept in the custody of the Principal :

(2) on retirement each employee to be given back his savings bank pass book with, if he has served for five years, so many thirtieths of the total amount so subscribed as correspond with the number of years he has served :

(3) in the event of the death or dismissal of the employee the pass book to be returned, in the former case, to the nominee of the deceased, without however payment of any gratuity :

(4) in the case of present employees the pass book to be returned with a gratuity calculated on the amount which would have been deposited from the date of the employee's joining the service of the Asylum up to the date on which the scheme is started, and on the amount actually in the bank :

(5) a sum of Rs. 10,000 to be set apart as a reserve fund for meeting payments on account of gratuities :

(6) the benefit of the scheme to be extended to native servants of the Asylum and the employees of the two presses.

2. The Committee's proposal to introduce a scheme for the payment of gratuities to the employees of the Asylum is approved. The rules suggested by the Committee should however be modified with reference to the following remarks.

(1) The mere provision of a reserve fund for the purpose of meeting the payments of gratuities does not appear to be sufficient. For this purpose it is desirable that a sinking fund should be established. This sinking fund will be formed out of a monthly contribution from Asylum funds of an amount equal to three-fourths of the total deductions made from the salaries of the employees. The contributions will be remitted monthly to the Accountant-General who will invest them in Government securities. The interest derived from these investments will be similary invested and the Trustees of the Asylum appointed under rule 62 of the Asylum Rules will alone be authorised to operate on the fund. The employees will have no claim, right or title to any bonus whatever from the Trustees and the giving or withholding the whole or any part of a bonus will be a matter resting entirely with the Trustees on the recommendation of the Committee, after taking into consideration whether the service has been wholly or partially approved or not.

(2) The Principal will not come under the scheme, and all menial servants will be excluded from its operation.

(3) All other employees should on entering the service of the Asylum be required to bind themselves to contribute an anna in the rupee of salary and to abide by the rules for the payment of gratuities from Asylum funds. This should be made a condition of service and such of the rules as form part of the contract should be endorsed on the back of the agreement obtained from each employee when he is employed and incorporated into the contract by reference thereto in the body of the agreement.

(4) The deduction should be made on each whole rupee of the salary. When an employee is on leave the deduction will be made on the leave allowances actually paid to him.

(5) The pass book account should be in such form that it cannot be operated upon except upon the signature of the Principal.

(6) The maximum amount of gratuity payable should be the amount at the employees' credit in the pass book. No gratuity will be payable for contributions and interest after 30 years' service.

(7) Retirement in the proposed rules should include only retirement on medical certificate, on superannuation and on abolition of appointment.

(8) The word "nominee" occurring in the proposed rules should be altered into "heir or legal representative of the deceased."

(9) The proposed rule that savings bank deposits shall not be liable to attachment by the civil court should be omitted as being *ultra vires*.

3. The scheme will come into force with effect from 1st January 1907. Present employees in superior service will be at liberty to join the Provident Fund, but no gratuities will be paid under the scheme in respect of past service prior to its coming into force. It will however be open to Government to sanction the enhancement of the gratuity so payable by such addition thereto in respect of past service as they may see fit : but whether any and if so what additional gratuity shall be so granted will be a matter entirely in the discretion of the Government.

4. A copy of the rules as revised with reference to the foregoing remarks is printed as an appendix to this Government Order. The Committee will be requested to state whether it accepts the rules as now revised.

(True Extract.)

H. D. Taylor,
Ag. Secretary to Government.

To the Principal and Secretary, Lawrence Asylum, Ootacamund.
,, Director of Public Instruction.
,, Accountant-General.

APPENDIX.

Rules for the payment of gratuities to persons in the service of the Lawrence Asylum at Ootacamund.

1. Subject to the exceptions specified in rule 12 all persons entering the service of the Lawrence Asylum at Ootacamund shall be required to bind themselves to contribute one anna in the rupee of salary and to abide by these rules.

2. The contribution shall be levied monthly on each whole rupee of the salary paid and lodged in the name of the servant concerned in the Post Office savings bank. When a servant is on leave the contribution shall be made on the leave allowances actually paid to him.

3. The savings bank pass book shall be in the custody of the Principal of the Asylum who shall give a receipt therefor but the pass book account will be in such a form that it cannot be operated upon except upon the signature of the Principal.

4. The names of the contributors and the amounts contributed monthly shall be entered in a register to be specially kept for the purpose under the signature of the Principal.

5. If a servant contributing under these rules dies his pass book shall be given to his heir or legal representative with full liberty to operate upon it. If he is dismissed or if he otherwise leaves the service of the Asylum the pass book will be returned to him with the like liberty to operate upon it.

6. If he has completed five years' service and if he retires on medical certificate, or on superannuation or on abolition of appointment a gratuity shall be paid to him from Asylum funds.

7. The amount of such gratuity shall be calculated at so many thirtieths of the total amount standing to the credit of the contributor in his pass book as correspond with the number of years during which deductions have been made from his pay.

Illustration.—In the case of a servant in receipt of Rs. 100 per mensem and from whose pay deductions have been made, say, for 15 years.

Amount in savings bank —	Rs.
Total monthly deductions	1,125
Interest up to date	X
Total to credit	$1,125+X$

Gratuity payable on retirement $\frac{15}{30} \times$ [Rs. 1,125 + X].

The servant will also receive back his contributions and interest thereon, viz., Rs. $1,125+X$.

8. The maximum amount of gratuity payable shall be the amount at the contributor's credit in the pass book. No gratuity shall be payable on contributions paid and interest accrued after 30 years from the date of the commencement of deduction from a contributor's pay.

9. To meet the gratuities payable a sinking fund shall be established, formed out of a monthly contribution from Asylum funds of an amount equal to three-fourths of the total contributions from the salaries of the servants. This contribution shall be remitted monthly to the Accountant-General to be invested by him in Government securities. The interest derived from these investments will be similarly invested and the Trustees of the Asylum appointed under rule 62 of the rules of the Lawrence Asylum shall alone be authorized to operate on the fund. The servants of the Asylum contributing under these rules shall have no claim, right or title to any bonus whatever from the Trustees and the giving or withholding the whole or part of a bonus will be a matter resting entirely with the Trustees on the recommendation of the Committee of the Asylum after taking into consideration whether the service after the commencement of payment of contribution has been wholly or partially approved or not.

10. When the pass book is returned to a servant or his heir or legal representative a receipt shall be taken therefor and if any gratuity is payable at the same time a separate receipt shall be obtained for the payment.

11. When the deposits in the savings bank exceed the amount admissible under the savings bank rules, the amount shall be withdrawn and placed in the depositor's name under the same conditions as in rule 3 in the savings bank of the Bank of Madras.

12. The Principal of the Asylum will not be brought under these rules and all menial servants will be excluded from their operation.

13. The benefit of the rules may be extended to the servants of the Lawrence Asylum Press at Madras and its Branch Press at Ootacamund of which the Committee of the Lawrence Asylum are the Trustees.

14. These rules shall come into force with effect from 1st January 1907. Persons now in the service of the Asylum shall be at liberty to bring themselves under their operation but in their case no gratuities shall be payable in respect of service prior to the coming into force of the rules. It will, however, be open to Government to sanction the enhancement of the gratuity payable under these rules by such addition thereto in respect of past service as they may see fit but whether any and if so what additional gratuity shall be so granted shall be a matter entirely in the discretion of Government.

NOTES CONNECTED WITH G.O., No. 778, EDUCATIONAL, DATED 30th NOVEMBER 1906.

[Subject.—*Scheme for the payment of gratuities to deserving servants of the Lawrence Asylum, Ootacamund.*]

Previous papers.

G.O.,	321,	*Educational*,	10*th Dec.* 1863.
,,	193	,,	4*th July* 1864
,,	188	,,	25*th May* 1869.
,,	272	,,	22*nd Sept.* 1871.
,,	295	,,	12*th* ,, 1881.
,,	386	,,	4*th Dec.* 1882.
,,	186	,,	19*th March* 1885.
,,	572	,,	4*th Sept.* 1886.
,,	527	*Marine*,	24*th Nov.* 1887.
,,	91, 92	*Educational*,	3*rd Feb.* 1888.
,,	146	,,	7*th March* ,,
,,	846	,,	4*th Nov.* 1891.
,,	446	,,	11*th June* 1892.
,,	556	,,	1*st Aug.* 1893.
,,	217	,,	28*th May* 1900.
,,	368	,,	18*th Aug.* ,,
,,	689	,,	22*nd Dec.* ,,
,,	420	,,	22*nd July* 1902.
G.O.,	263,	*Educational*,	1*st June* 1903.
,,	326	,,	6*th July* ,,
,,	1565, 1566	*L.*,	9*th Dec.* ,,
,,	74,	*Educational*,	29*th Jan.* 1904.
,,	103	,,	11*th Feb.* ,,
,,	179, 180	,,	4*th March* ,,
,,	605	,,	3*rd Oct.* ,,
,,	1443, 1444	*L.*,	11*th Nov.* ,,
,,	1508	*L.*,	29*th* ,, ,,
,,	296	*L.*,	12*th March* 1905.
,,	219,	*Educational*,	4*th April* ,,
,,	428	,,	22*nd June* ,,
,,	465	,,	7*th July* ,,
,,	466	,,	7*th* ,, ,,
,,	513	,,	27*th* ,, ,,
,,	643	,,	27*th Sept.* ,,
,,	147, 148,	*Financial*,	22*nd Feb.* 1906.
,,	238	*L.*,	2*nd March* ,,

From the Director of Public Instruction, dated 20th October 1905, *No.* 8423.

The Committee of the Lawrence Asylum was in the habit of paying pensions to deserving servants of the Asylum—paragraphs 8 and 10 of the Memorandum in G.O., No. 846, dated 4th November 1891. This practice was discontinued under G.O., No. 217, Educational, dated 28th May 1900, and since then only gratuities have been paid—*vide* for instance G.Os., No. 368, Educational, dated 18th August 1900, No. 420, Educational, dated 22nd July 1902, and No. 428, Educational, dated 22nd June 1905.

2. In its letter recorded in G.O., No. 103, Educational, dated 11th February 1904, the Committee requested sanction to the payment of gratuities to its servants in accordance with a scheme to be formulated subsequently. The Government, however, requested the Committee to formulate its scheme in the first instance. This it has now done.

3. The main features of the scheme are—

(1) Each employé should pay a subscription of one anna in the rupee of his salary—the amount to be lodged in his name in the savings bank—the pass book to be with the Principal.

(2) On retirement *after five years' service* the employé will be paid back the amount to his credit in the bank with so many thirtieths of that amount, according to the number of years he has served.

(3) In case of death or dismissal, only the amount in the bank to be paid.

(4) In the case of the present employés, the actual amount in the bank should be paid with a gratuity calculated on the amount which would have been deposited from the date of an employé's joining the Asylum up to the date of his retirement supposing the scheme had been in force from the date of his joining.

(5) The benefit of the scheme to be extended to the employés of the two presses belonging to the Asylum.

(6) A sum of Rs. 10,000 to be set apart as a reserve fund for meeting payments on account of gratuities.

4. For orders whether the scheme may be approved subject to the following modifications :—

(1) When an employé *resigns* he should receive only the amount in the bank, without any gratuity in addition.

(2) No retirement should be allowed except—

(*a*) On medical certificate (invalid gratuity) or

No reason to fix so low an age ? 65th would be better?
A. Galletti.

(*b*) when an employé attains *his 55th year* (superannuation gratuity) or

(*c*) when his appointment is abolished (compensation gratuity).

(3) No separate reserve fund is necessary. Any gratuity which becomes payable may be met from the balance to the credit of the Asylum.

5. The Committee also suggests for the consideration of Government whether the gratuity payable under the scheme may not be raised to a sum equal to the amount in the savings bank—at least in the case of employés who have put in 25 years' service. Orders are solicited on this suggestion.

P. T. Tharyan—28-10-05.

Vice-Chairman's scheme and Committee's suggestion :—

N being the number of years' service and M the amount of the servant's savings, the gratuity payable by the Asylum will under the Vice-Chairman's scheme vary as N.M., under the Committee's it will vary as M, *i.e.*, N° will under the first scheme enter into the calculation, only N under the second scheme.

Submitted that in principle it is proper to recognise the claim of long service accumulatively, and that if the Committee's recommendation in favour of greater liberality is accepted, greater liberality may be introduced not by completely altering the scheme but by substituting twentieths or twenty-fifths for thirtieths.

2. It will be observed that the Vice-Chairman has suggested no limit : he proposes $\frac{40}{60}$ths for 40 years' service ; the amount of gratuity may exceed the amount of savings. Submitted that there is no objection to this ; in this respect the Vice-Chairman's scheme is more liberal than the Committee's.

The Vice-Chairman is the Collector—rule 3 in G.O., No. 513, Educational, dated 27th July 1905.

A. Galletti—30-10-05.

(1) | Please put up the Local Fund Provident rules. The terms proposed seem extremely liberal. I think that generally a unit of $\frac{1}{30}$ may be adopted, and I do not think that any sum more than the total amount at deposit should be added by way of gratuity : Why should the
(2) | fund of the institution contribute also an amount equal to interest and compound interest on the sums deposited ? I would allow retirement after 55 years of age—and compulsory retirement after 65 years.
(3) | Under what provision of law can proposed rule 12 be enforced ?

H .D. Taylor—1-11-05.

(1) The Local Fund Provident rules will be found printed on pages 7—10 of G.O., Nos. 1565, 1566 L., dated 9th December 1903.

(2) There appears to be no special reason. A fund will be formed out of the monthly subscriptions and it appears to be simply proposed to make the calculations on this fund.

(3) The rule is apparently based on the similar rule of the Harbour Trust, Railway and Local Fund Provident funds, please see for instance note to rule 4 on page 7 of G.O., Nos. 1565, 1566 L., dated 9th December 1903. But under section 6 of the Provident Funds Act, 1897, the
A | Government of India can exempt from liability to attachment only Provident funds established by *Local authorities*. The Lawrence Asylum is not such an authority—*vide* section 3 of the Local Authorities Loan Act, 1879. It does not seem therefore that the proposed rule 12 can be enforced.

P. T. Tharyan—2-11-05.

A appears to be incorrect. See the Provident Funds Act, 1897, section 4, which is the legal provision in question. Compulsory deposits in any Government or Railway Provident fund are not liable to attachment. The provisions of section 4 may under section 6 be extended to funds established by local authorities.

Respectfully submitted that A speaks of only *extensions* under section 6.
P. T. Tharyan.

2. The question here is not whether the Asylum is a local authority, which no one would think of asserting, but whether it is a Government institution and its servants Government servants which is, it is submitted, a nice question. It was founded by Government and is mainly supported by Government, but Government have divested themselves of the property and entrusted it to a Committee.

No : it was started by private subscription.
G. S. F[orbes]—17-8-06.

Anyway, it is submitted, rule 12 is superfluous. If the fund is a Government Provident fund the Act protects it, if it is not, the rule would not protect it.
H. D. Taylor.

A. Galletti—3-11-05.

G.O., Nos. 1565, 1566 does not contain the complete set of rules, but only the amendment of certain Local fund rules. Put up the complete set please.

H. D. Taylor—4-11-05.

Submitted that pages 7—10 of G.O., Nos. 1565, 1566 L., dated 9th December 1903, contain the entire rules as revised up to that date. There appear to have been only two modifications since (1) G.O., Nos. 1443, 1444 L., dated 11th November 1904, and (2) G.O., No. 1508 L., dated 29th November 1904.

P. T. Tharyan—4-11-05.

A. Galletti—7-11-05.

In the case of District Board Provident funds the bonus contributed by the District Board is adjusted annually and is equal to the sums recovered from the employé's pay for qualifying service during the year. The District Board contributes nothing by way of interest, except what is derived from the investment. The present proposal is to give a lump gratuity on retirement from Lawrence Asylum funds calculated on the amount deposited *plus* interest. This system *may* cause budget complications : there might be considerable demands in one year for which no budget provision existed.

This seems to be the chief objection to the proposal. Otherwise the rules are simple and financially sound. Rule 12 should be omitted and rules 6 and 9 amended by the addition of the words "on retirement".

2. I would accept the proposed unit of $\frac{1}{30}$ for each year's service after five years—but would in no case allow a contribution in excess of the total amount standing at deposit, the maximum being fixed at $\frac{30}{30}$th. If the proposal to contribute the full equivalent of the investment is accepted, the amount of the gratuity will, after 30 years' service, include a large sum under accumulated interest. But before sanctioning the proposal we should have some definite idea as to what the annual cost to the institution may be, say, at the end of 25 years. Only an actuary could work out the figures in detail.

3. I think that the Asylum should, by way of reserve, add to its own reserve funds each year, an amount equal to that deducted from their employé's pay for deposit in the savings bank.

H. D. Taylor—8-11-05

Will Financial department and the Accountant-General now give their views ?

G. S. F[orbes]—11-11-05.

Financial Department.

The word "nominee" used in draft rules 4 and 8 does not seem to be accurate. The words "heir or legal representative of the deceased" may be substituted.

2. As in the case of the "Local Fund Provident" rules the deduction of one anna may be made in each *whole* rupee, fractions of a rupee being left out of account for purpose of calculating the subscription. In that case "in each whole rupee" may be substituted for "in the rupee" in draft rule 2.

Rule 5 of "Local Fund Provident Institutions" on page 7 of G.Os., 1565, 1566 L., 9th December 1903.

3. The case may be passed on to the Accountant-General un-officially for favour of his remarks.

A.H.—21-11-05.

Please put up spare copies of India's recent letter regarding a General Provident fund.

C. M. Schmidt—5-12-05.

Copy of Government of India, Finance department, letter No. 4921-P., dated 8th September 1905, relating to the extension of the Provident Fund system, is put up (G.O., Nos. 147, 148, Financial, dated 22nd February 1906).

A.H.—5-12-05.

The Accountant-General's remarks may be invited.

C. M. Schmidt—9-12-05.

Yes. Will Accountant-General kindly remark on the proposals?

M. HAMMICK—13-12-05.

To the Accountant-General.

The following remarks suggest themselves to me in connection with the proposed scheme:—

(*a*) **So far as the gratuity payable from Asylum funds is concerned, it is proposed to give retrospective effect to the scheme. This is an unusual course and will entail some initial expenditure upon Asylum funds, which may be large, and will involve a series of calculations which must cause a good deal of work.**

(*b*) **I understand that it is intended that no payment of gratuity should be made in cases of voluntary resignation of the Committee's service, but the insertion of the words "on retirement" in rules 6 and 9 is hardly calculated to secure this. It may be argued that resignation is a retirement from the Committee's service, and I think it would be well to make the intention so clear as to place the matter beyond dispute.** It is for consideration whether it would not be well to limit the retirement to the three cases mentioned in the Secretariat note of 28th October 1905, *i.e.*, on medical certificates; on superannuation and on abolition of appointment. Even with these restrictions it would seem that it should be provided that the full amount of the gratuity is payable only in respect of approved service, and it would be well to safeguard the right of the Committee to reduce or withhold the gratuity in case the service has not been approved or has not been wholly approved. It is rarely that resort is had to the extreme measure of dismissal. More often a servant is made to retire and in such cases it is doubtful whether the whole or it may be any part of the gratuity should be paid.

May be accepted.
H. D. TAYLOR.

(*c*) I am not sure that the setting aside annually for investment of a sum equal to the share payable by the Committee of the contributions paid by the employés into the Savings Bank is advisable. This contribution in the case of some of the employés may never be paid to them, for no gratuity is payable on death, dismissal, resignation, etc. I think the Government plan of including in the annual budget a sum to meet the probable payments on account of gratuities would suffice. The existence of a reserve would ensure that funds are available for the purpose. Of course any surplus of revenue would be invested but as part of a general Reserve fund instead of as a part of a Special fund to meet payments of gratuities. The gratuities when disbursed would be charged to Revenue and thus come under regular audit.

We must see that a reserve is formed.
H. D. TAYLOR.

(*d*) It would be as well to provide in the rules the rate of payment to be made by employés from leave allowances. Is it to be one anna in the rupee on the salary of the employé's appointment or on the rate of leave allowances he receives?

For District Board Provident funds it has been decided that the calculation should be on the rate of leave allowances actually drawn.
H. D. TAYLOR.

(*e*) **It is hardly sufficient to provide merely for the custody of the pass-books by the head** of the office. The account should be of such a nature that it cannot be operated upon except upon the signature of the head of the office. Of such a nature are security accounts in the Post Office Savings Bank.
H. D. TAYLOR.

(*f*) **It is for consideration whether it is advisable to make any provision in the rules for advances out of the Savings Bank account to be made to the employé to whom the account relates. It is not an unusual thing for the Provident fund rules to make such provision.**

W. DOBBIE—23-12-05.

FINANCIAL DEPARTMENT.

The Accountant-General's suggestions (*b*), (*c*), (*d*), (*e*) and (*f*) may be concurred in by this department and remitted to Educational for consideration.

2. As to (*a*), the giving of retrospective effect to the scheme may, as pointed out by the Accountant-General, entail heavy expenditure on the Asylum funds. On the other hand if this is not done, the benefits to be derived from the fund will be confined mostly to the younger employés of the Asylum. If this retrospective effect is to be given, the cost should be first calculated by taking the amount for which the Asylum would be liable at the present date under the clause headed "Present employés" in rule 12.

C. M. SCHMIDT—3-1-06.

I agree. It would not be difficult to calculate what is likely to be the liability if present employés are treated as proposed.

M. HAMMICK—6-1-06.

To the Educational Department.

EDUCATIONAL DEPARTMENT.

Please make the calculation referred to or ask the Secretary, Lawrence Asylum, to do so.

H. D. TAYLOR—9-1-06.

A draft reference to the Principal and Secretary, Lawrence Asylum, Ootacamund, is placed below for approval. It is submitted that there are no sufficient data for making the calculation here as the length of service of the present employés is not known.

N.L.R.—11-1-06.

P. T. THARYAN—11-1-06.

Issue.

C. A. SOUTER—12-1-06.

[Memorandum, No. 20, Educational, dated 16th January 1906.]

From the Director of Public Instruction, dated 1st March 1906, No. 8423.

With reference to Memorandum, No. 20, dated the 16th January 1906, the Principal and Secretary, Lawrence Asylum, Ootacamund, submits a statement giving particulars of the present employés who have more than 5 years' service and would be entitled to gratuities according to the scheme proposed for the payment of gratuities to deserving servants of the Lawrence Asylum.

2. It is recommended that the cases of Messrs. Closson and Burrows, Nos. 14 and 15 in the statement to whom gratuities of Rs. 3,338 and Rs. 7,837, respectively, would be payable should be regarded as exceptional and be treated accordingly on their merits. For orders as to whether this recommendation should be accepted.

3. It is also suggested that no gratuities should, as a rule, be paid on contributions after 30 years' service, but that an employé may add to his contributions to the very end of his service, however long it may be. For orders whether this suggestion may be accepted.

I see no objection.
H. D. TAYLOR.

4. From the statement submitted by the Principal and Secretary, Lawrence Asylum, it will be seen that the amount for which the Lawrence Asylum funds would be liable is Rs. 3,677-15-0 or Rs. 3,678 in round figures excluding Nos. 14 and 15. Including the latter the amount is Rupees 14,853-5-0 or Rs. 14,853 in round figures.

N.L.R.—6-3-06.

On the 31st March last the male branch of the Asylum had a cash balance of Rs. 5,917 and net assets of Rs. 5,81,903. (Pages 5 and 7 of G.O., No. 465, dated 7th July 1905).

2. The Principal's name does not appear in the statement furnished by the Committee. Probably his case is to be treated specially and outside the present scheme. Should the Committee be asked?

P. T. THARYAN—6-3-06.

The Principal will probably not come under the scheme. For orders on the proposal.

C. A. SOUTER—7-3-06.

Please see page 1375 of the Lawrence Asylum Almanack for 1906, and page 10 of G.O., 219, Educational, 4th April 1905. Nos. 1, 2, 3, 4, 5, 10 and 14 of statement with the current belong to the male branch and Nos. 9, 11, 12, 13, 16 and 17 to the female branch. Nos. 6, 7 and 8 belong to both in equal proportions and 15 in the proportion of 188 : 37. Of the total sum of Rs. 14,853-5-0 therefore Rs. 12,520-4-0 is debitable to the male and Rs. 2,333-1-0 to the female branch. Omitting Nos. 14 and 15, the amounts will be Rs. 2,633-11-0 and Rs. 1,044-4-0, respectively.

P. T. THARYAN—9-3-06.

Have we any information as to how much of this charge would fall on the male and female branches, respectively? The budgets of the Lawrence Asylum recently received provide for a balance of Rs. 4,000 or only 4 per cent. of the annual income on the male side, and for a deficit of over Rs. 2,000, or about 5 per cent. of the annual income on the female side. It would not be possible to provide for the additional charge.

2. The statement has been worked out also for portions of years, which are inadmissible. Only completed years should be taken into account. Cases Nos. 14 and 15 must of course have special treatment. The gratuity should not, under the ordinary rules, exceed nine months' salary in each case.

Of the other proposals of the Accountant-General—

(*b*) may be adopted, the special cases of retirement entitling to gratuity being clearly specified.

(*c*) The Accountant-General's view may be accepted, but a general Reserve fund should be formed apart from the ordinary balance.

(*d*) Payments on leave should be in proportion to the leave allowance actually drawn. This has just been decided in the case of Local Boards. (G.O., No. 238 L., dated 2nd March 1906).

K

(*e*) is very necessary.

(*f*) I would not make any provision in this case. The staff are largely Europeans and receive board and lodging.

3. Provision for withdrawal from Provident funds is, it is believed, generally made to meet temporary emergencies such as cost of weddings, purchase of house-sites and the like. At the Asylum these conditions would hardly apply.

H. D. Taylor—8-3-06.

I should like first to know on what legal basis the fund is to be established: is it a voluntary fund and servants bound by engagement on entering the service to contribute?

G. S. F[orbes]—10-3-06.

Please see the notes on page 2 *supra*. Mr. Galletti thought that the fund might be regarded as a Government Provident fund, but this was doubtful. If not a Government fund it should apparently be regarded as a voluntary fund and servants bound by engagement on entering the service to contribute.

P. T. Tharyan—13-3-06.

It all depends on whether the institution is a Government institution or not.

C. A. Souter—13-3-06.

The institution receives Government aid, but cannot, it is submitted, be termed a Government institution. The Lawrence Asylum Press, with which it is intimately connected is a private institution and is not in any way connected with Government.

The fund must be considered to be a voluntary fund and as such I doubt whether it could be applied to any employés of the institution now in permanent service without their consent.

H. D. Taylor—14-3-06.

The other day I came across in a file a history of the origin of the Lawrence Asylum: and if that note was correct it is apparently not a Government institution, nor the servants of it Government employés. It was started by private subscription, and the Government made most generous grants and concessions; it was never handed over to Government *so far as I know*. If so, the Provident Funds Act cannot therefore be applied so that any fund started would be purely a voluntary concern.

2. Our intervention is apparently, in right of our large State donations, etc., to say whether certain contributions will be given in aid of the fund and the subscriptions of the employés. If a fund is started, it must be made a stipulation of service to make certain contributions and abide by the conditions of the fund, which will thus rest on contract.

3. But please trace the orders on which Government intervene in the administration of the institution. Also indicate what the intention is as to the management of the fund and the custody and investment of the income. Is there any Act enabling the Accountant-General to become the trustee of the fund, etc.

G. S. F[orbes]—17-3-06.

Please see G.O., No. 446, Educational, dated 11th June 1892, which contains brief histories of—

(1) The old Military Male Orphan Asylum, and

(2) The old Ootacamund Lawrence Asylum, prepared by Mr. Spring Branson—Advocate-General. The first was a private institution—paragraph 3 of the Advocate-General's opinion on page 2 of the Government order. The second also was a private institution till it was taken over as a Government institution in 1862 with the sanction of the Secretary of State—paragraph 5 of the Advocate-General's opinion. The Advocate-General did not discuss the legal effect of this transfer.

2. The two institutions were amalgamated in 1871—paragraph 2 of G.O., No. 91, Educational, dated 3rd February 1888. (Also G.O., No. 272, Educational, dated 22nd September 1871.) The entire funded property of the amalgamated institution aggregating Rs. 4,89,200 came from the Military Male Orphan Asylum—paragraph 3 of G.O., No. 91, Educational, dated 3rd February 1888. The Lawrence Asylum Press also belonged to that institution—paragraph 2 of the Advocate-General's opinion with G.O., No. 446, Educational, dated 11th June 1892. The assets of the original Lawrence Asylum amounting to about Rs. 87,000 appear to have been absorbed in the new building at Lovedale, the estimated cost of which was 11½ lakhs of rupees. The building as well as the land on which it stands is the property of Government—paragraph 3 of G.O., No. 91, Educational, dated 3rd February 1888. A fixed contribution of Rs. 48,000 per annum is also paid by Government to the amalgamated institution.

3. The first set of rules for the amalgamated Lawrence Asylum and the Madras Military Male Orphan Asylum was sanctioned in G.O., No. 146, Educational, dated 7th March 1888. Rule 4 thereof provided that "the Committee shall be directly responsible to Government for the "administration of the Asylum and shall be bound to obey all their orders relating thereto". This rule still remains in force—rule 3 as modified by G.O., No. 513, Educational, dated 27th July 1905.

4. As regards the question of the management of the fund and the custody and investment of the income referred to by the Honourable Member, it is submitted that under the existing proposal there will be no fund. The deduction from salary will be invested in the Post Office Savings Bank in the name of the person whose salary is deducted—proposed rule 1. The pass book will be with the Principal and Secretary—rule 2. When the employé retires, if he has five years' service, he will be paid out of the Asylum funds so many thirtieths (according to the number of years he has served) of the total amount standing to his credit in the savings bank in addition to that amount—rule 9.

5. If the subscriptions are not to be invested as proposed, it will be necessary to form a separate fund of them, but it does not appear that there is any Act enabling the Accountant-General to be the trustee of such a fund. The fund will not come under the Charitable Endowments Act.

P. T. Tharyan—23-3-06.

C. A. Souter—27-3-06.

The proposal does not involve the management of any fund, but merely the keeping of a number of savings bank pass books, one for each employé. It involves a constant drain upon the general funds of the Asylum by way of gratuities to retiring servants. What this would amount to is not clear, but for some time to come it would not be a very large sum, unless retrospective effect is given to the scheme. This is objected to by the Accountant-General. The cost would probably not be higher than that of the pension formerly paid, or the gratuities now paid.

H. Bradley—30-3-06.

If the contributions of each employé are to be invested in his own name in the savings bank and each employé is to bind himself by a properly executed agreement on entering the service of the institution to contribute and abide by the rules, etc., there seems no objection to the scheme. But the matter will be further examined in the Financial department.

2. I would not give retrospective effect to the scheme.

G. S. F[orbes]—31-3-06.

To the Financial Department for examination.

H. Bradley—2-4-06.

Financial Department.

The Accountant-General's remarks are contained on page 4 *supra*. As regards his (*a*) it has been decided not to make the scheme retrospective. Educational in their note of 8th March 1906 on page 6 *supra* accept (*b*), (*c*) and (*e*) and as regards (*d*) propose that payments on leave should be in proportion to leave allowance actually drawn. As to (*f*) Educational do not propose to provide for any advances from the savings bank account. In all of these suggestions we may concur.

2. No question of a separate *fund* arises for the arrangement will be as stated in paragraph 4 of the Educational department office-note, dated 23rd March 1906, on page 7 *supra*.

C. M. Schmidt—24-4-06.

There seems no objection to the scheme if the Funds of the Asylum can afford it.

M. Hammick—26-4-06.

I would roughly estimate that this scheme will impose a charge of perhaps Rs. 15,000 a year on Asylum funds not now of course but when it comes into working order. I have no idea whether the Asylum funds can bear this charge or not. The scheme is a novel one in a novel form. What is done in the other Asylums in the north in the way of pensions and gratuities? The Chief Secretary's "if" is the pith of the whole matter. Can the Asylum funds afford the scheme? The papers give no information. Please make an estimate.

G. S[TOKES]—27-4-06.

Can Educational frame an estimate?

M. HAMMICK—29-4-06.

EDUCATIONAL DEPARTMENT.

Pages 10 and 11 of G.O., No. 219, Educational, dated 4th April 1905, contain a complete list of the establishments maintained by the Lawrence Asylum at Ootacamund (Male and Female branches). Although the scheme will be extended to native servants, it does not appear that it is intended that cooks, maities, coolies, scavengers, gardeners and other menials should participate in it. If the pay of these servants be excluded the monthly charge on account of the establishments comes to Rs. 3,962½. The monthly contributions by them at 1 anna in the rupee will be Rs. 247$\frac{21}{32}$: this will come to Rs. 2,972$\frac{7}{8}$ per annum or say Rs. 3,000 in round figures. At 3 per cent. (the savings bank interest is 3 per cent. on deposits at call and 3$\frac{1}{4}$ per cent. on deposits requiring 6 months' notice of withdrawal this amount will rise in 15 years to Rs. 55,796·742, (the amount of an annuity of Re. 1 in 15 years at 3 per cent.=Rs. 18·598914). The Asylum will then become liable for half of this or Rs. 27,898·371.

They should not.
G. S. F[ORBES].

2. That is to say if all the superior servants of the Asylum retire together at the end of 15 years the Asylum will have to find Rs. 27,898, but it will not have to find similarly another Rs. 27,898 for another 15 years. The annual average may therefore be taken at Rs. 1,860, but there will be deaths and resignations for which no allowance is made in these calculations. Some employés may also retire before 15 years, but against these there will be others who may continue for more than 15 years.

It is absurd to make such assumptions.
G. S. F[ORBES].

3. The Male Asylum has never been insolvent and can easily bear an annual charge of between Rs. 1,000 and Rs. 2,000. Its balance at the end of 1903–1904 was Rs. 17,187 (page 6 of G.O., No. 219, dated 4th April 1905) and at the end of 1904–1905, Rs. 8,555 (page 22 of the report for 1904–1905). This was considerably reduced in the revised estimate for 1905–1906, but the Principal said in another connection that the actuals were much better. (G.O., No. 290, Educational, dated 24th April 1906.)

The Female Asylum has, for some time, been working with deficit balances and can hardly bear any additional charge in the present state of its finances (page 9 of G.O., No. 219, dated 4th April 1905).

P. T. THARYAN—2-5-06.

There seems to be some misapprehension of the nature of the scheme. First and foremost the Asylum does not regularly contribute anything corresponding to the deductions from salary. All it says is this: An employé pays in so much of his salary: *if and when he retires* (at any time after 5 years' service) the Asylum will give him a donation of so many 30ths (one 30th for every year of service up to a maximum of 30) of (the amount paid in *plus* the savings bank interest thereon). This means that there will be no regular charge on Asylum funds. Whether in any given year anything is to be paid by the Asylum depends on whether in that year any one retires. In no other circumstances does the Asylum pay. This being so it seems impossible to say that in such and such a year the Asylum will begin to feel the weight of the charge. This charge can be very heavy only when several servants retire in one year. The greatest contribution which can be paid to one man is about Rs. 11,000, and this is only if he serves 30 years after the introduction of the fund and then retires. I don't think there could possibly be a charge of anything like Rs. 15,000 a year on the Asylum funds. Besides every retired servant gives the Asylum 5 years' time to recruit so far as that appointment is concerned.

This is in effect a regular charge: casualties *must for the purpose of estimates and provision in the budget* be assumed to spread themselves out regularly.
G. S. F[ORBES].

Headmaster on Rs. 300.

2. The office-note above gives a fair average calculation, but even it seems a little high, and it depends on an assumption which is very remotely probable. Besides it assumes that every employés is to retire. It takes into account no deaths or dismissals and so on in which cases the

Asylum would contribute nothing. To get the exact or even an approximately exact estimate of the average annual charge requires an intricate actuarial calculation, but in any case I do not think it could be Rs. 2,000.

	Rs.
Funded capital handed over to the Accountant-General at the time the Military Male Orphan Asylum was amalgamated with the Lawrence Asylum, page 5, paragraph 17 of precis in stock file	4,89,200
Funded capital now with the Accountant-General, page 7 of G.O., 465, 7th July 1905	5,10,100
Difference ..	20,900

At present 40 per cent. of the grant of Rs. 48,000 is credited to the Female Branch and 60 per cent. to the Male Branch—G.O., 447, 2nd August 1902.

3. As to the ability of the Asylum to pay there seems no doubt—at least the Male Branch. It has Rs. 10,000 in the savings bank and over Rs. 20,000 of its funded capital is the result of investments from superfluous balances (page 7 of G.O., No. 465, dated 7th July 1905). Besides the closing balance ought never to be below 5,000. The Asylum (Male Branch) is therefore perfectly able to meet even the greatest calls.

4. As for the Female Branch the matter is doubtful and unless the ratio of the Government donation to each branch is altered, it seems as if the Female Branch could not conveniently undertake the extra burden.

C. A. SOUTER—4-5-06.

The financial prosperity of the institution depends very largely upon the profits derived from the Lawrence Asylum Press devoted to the Asylum. These have, for both the Madras and Ootacamund Branches, been sufficient to devote the following sums to the Asylum in the past 5 years:—

	Rs.
1899–1900	20,250
1900–1901	21,750
1901–1902	25,000
1902–1903	26,450
1903–1904	27,000
1904–1905	Figure not now available.

It will be observed that these figures show a steady increase.

Or Rs. 600—Rs. 800 or Rs. 850.
G. S. F[ORBES].

2. It might be possible to reduce the pay of the Principal to a progressive pay of Rs. 600–750 when the appointment is next made. The present Principal and Secretary draws Rs. 950 (G.O., No. 219, Educational, dated 4th April 1905).

Then probably no one would join.
G. S. F[ORBES].

3. If the cost be still deemed prohibitive the amount of gratuity to be paid from Asylum funds might be reduced by one-half, *i.e.*, a gratuity of one-sixtieth for each year's service.

H. D. TAYLOR—5-5-06.

I think on the whole the funds of the Asylum would bear the charge: but the Lawrence Asylum Press is not a very strong reed to depend upon.

2. Of the benefit of the fund to the service of the Asylum there can be no question. But the management of the fund will I fear, give more trouble than I thought of when I first dealt with the file. Litigation, for instance, is pretty sure to arise to recover gratuities on account say of alleged wrongful dismissal. Nor do I imagine that proposed rule 12, declaring that savings banks deposits are not to be liable to attachment by the Civil Court will hold water in law. Then there would be difficulties as to succession claims?

3. Perhaps the matter might be again remitted to Accountant-General to say whether he knows of any similar arrangement which is not covered by the Charitable Endowments Act.

G. S. F[ORBES]—7-5-06.

I used the wrong word perhaps when I said "charge" I ought to have said liability. But the office-note shows that the annual liability would be nearly Rs. 30,000, and it is also plain that as much as Rs. 11,000 of this might fall to be paid in one year.

About 2,000 (?)
C. A. SOUTER.

I agree that something of the sort would no doubt add to the quality of the service given to the Asylum, but I have some doubts as to whether this scheme is the best or most suitable which could be adopted, and I think my Honourable Colleague's suggestion to see if a more tried and suitable scheme cannot be discovered should be acted on.

G. S[TOKES]—7-5-06.

Draft.

A. BUTTERWORTH—8-5-06

The draft memorandum placed below is submitted for approval.

P. T. THARYAN—8-5-06.

Issue.

C. A. SOUTER—9-5-06.

[Memo. No. 217, Educational, dated 5th May 1906.]

From the Accountant-General, dated 26th May 1906, *Genl. No. O.A.-25.*

In reply to memorandum No. 217, Educational, dated 9th May 1906, requesting the Accountant-General to state whether he knows of any arrangement similar to that proposed by the Committee of the Lawrence Asylum at Ootacamund for the payment of gratuities to employés of the asylum, in connection with any institution which is not covered by the Charitable Endowments Act, 1890, the Accountant-General says that there is only one instance which he can call to mind, namely, that of the Provident or Retiring fund for the teachers of the Christian College. He has, however, no official information about this fund. He refers also to the Provident fund in connection with the Civil Orphan Asylums mentioned in paragraph 2 of the Principal's letter, No. 1619, dated 2nd October 1905. He has no knowledge of this fund.

2. In the Christian College there are two funds, namely, the Professors' and the Teachers' Retiring funds, but it does not appear that they are similar to the arrangement proposed by the Committee of the Lawrence Asylum. In the case of the Christian College there are regular funds to which the college pays regular contributions. The amounts paid in 1905 were Rs. 2,220 to Professors' retiring fund and Rs. 1,982-11-6 to the Teachers' retiring fund.

Page 30 of the College report for 1905.

The total amounts at the credit of these funds at the close of the year were Rs. 1,60,045-1-7 and Rs. 66,600, respectively. In the case of the Lawrence Asylum contributions will be paid from Asylum funds only when employés retire and the subscriptions of the employés will be invested in the Savings Bank in the names of the employés concerned. Should a copy of the rules of the Christian College funds be called for?

3. A copy of the rules of the Civil Orphan Asylums' fund may perhaps be called for. In the last report of the Civil Orphan Asylums, page 27, there is no entry against receipts, Teachers' retiring fund, but Rs. 175-6-4 is shown against refunds of Director's contribution to T. R. F. meaning apparently Teachers' retiring fund.

G.O., No. 335, Educational, dated 10th May 1906.

P. T. THARYAN—30-5-06.

These rules may be called for.

C. A. SOUTER—30-5-06.

Yes; please get the rules governing the two funds in the Christian College and that in the Civil Orphan Asylums.

A. BUTTERWORTH—3-6-06.

The drafts placed below are submitted for approval.

P.K.M.—4-6-06.

P. T. THARYAN—4-6-06.

Issue.

C. A. SOUTER—4-6-06.

Really the Secretary should see that "official memorandums" of this sort are not issued by the office. I never read anything more discourteous. Government can only ask to see the Christian College rules as a matter of pure courtesy and a polite letter ought to have been written to the Bursar giving him some reason, too, for our asking to see them. When the copy is returned with a letter, please see that the Bursar is thanked for his courtesy and explain to him that we wished to see their rules in connection with a proposal to found a Provident fund for the Lawrence Asylum.

G. S. F[ORBES]—26-6-06.

[Memorandums Nos. 250 and 251 to the Bursar of the Madras Christian College and the Director of the Madras Civil Orphan Asylums, dated 5th June 1906.]

From the Honorary Secretary, Civil Orphan Asylums, dated 4th June 1906.

From the Bursar, Madras Christian College, dated 11th June 1906.

The rules of the Professors' and Teachers' retiring funds in connection with the Christian College and of the Teachers' retiring fund in connection with the Civil Orphan Asylums have been obtained. In all the three cases there are regular funds.

2. In the case of the Christian College Professors' fund the fund is formed of—

(*a*) Interest on an endowment consisting of a house valued at Rs. 45,000 and of such other sums as may be added to the endowment from time to time and invested in accordance with section 20 of the Indian Trust Act, 1882. The additions will be from surpluses calculated under article VI.

(*b*) A monthly payment from each Professor on the staff of 5 per cent. of his salary up to 30 years.

From this fund payments are made on retirement or death according to a fixed scale.

3. In the case of the Christian College Teachers' fund, the fund is formed of—

(*a*) A monthly subscription of one anna in the rupee up to 30 years.

(*b*) A monthly payment by the College Council of a sum equal to that paid by the contributor up to 30 years.

(*c*) A bonus fund consisting of the accumulated interest on a corpus formed of donations and bequests.

From this fund payments are made of—

(*d*) Contributor's own contribution with interest if he leaves before seven years from any cause or voluntarily retires before he completes 20 years.

(*e*) Contributor's own contribution and one-half of College contribution with interest if contributor retires on medical certificate after seven years and before 20 years.

(*f*) Contributor's own contribution and College contribution with interest after 20 years.

In case of death leaving widow, descendant or parent one-half of the College contribution with interest is payable if service extends to less than 7 years—the whole with interest if service extends to 7 years and more. If no such persons are left, bare contribution with interest may be paid.

4. In the case of the Civil Orphan Asylum Teachers' Retiring fund, the fund is formed of—

(*a*) A monthly subscription of one anna in the rupee up to 15 years.

(*b*) A monthly payment by the Directors on behalf of each contributor of a sum equal to one-half that paid by the contributor up to 15 years.

From this fund payments are made of—

(*c*) Contributor's own contribution and interest if retirement takes place before 5 years.

(*d*) Contributor's own contribution and one-half of the contribution by the Directors with interest if retirement is after 5 but before 10 years.

(*e*) Contributor's own contribution and Directors' contribution with interest if retirement is after 10 and before 15 years.

(*f*) The accumulated contributions for 15 years (contributor's and Director's) and interest after 15 years.

In case of death, heir receives whatever contributor would have received if he were alive and had retired.

5. In the case of the Lawrence Asylum at Ootacamund the Committee does not propose to form any fund nor to pay in any *regular* contribution.

P. T. THARYAN—22-6-06.

The main feature of the scheme for the Asylum is that there is no proposal to pay a regular annual or monthly sum into a fund to meet the expenses of the gratuities. In this, the scheme differs fundamentally from other provident schemes. The notes above (please see office-note of 2nd May 1906 on page 8 *supra* and my note of 4th May 1906 on pages 8 and 9 *supra*) show, I submit, that taking an average, the average annual liability of the Asylum would be something about Rs. 2,000. What therefore the Asylum proposes to do can be effected only if it opens a sinking fund, or if it can with assurance guarantee an average annual balance of Rs. 2,000. This guarantee however would not be quite safe for in one year the Asylum might have to

pay about Rs. 11,000 to one man, and of course it *might* have to pay more if several of its servants retired in the same year. I think I showed that the male branch was quite capable of meeting any calls, but that the female branch could not do so. Perhaps, therefore, on the whole it would be advisable to get the Asylum to work out the average annual liability involved and to submit proposals for sinking a certain amount of its balance as a fund from which to meet these calls.

C. A. SOUTER—23-6-06.

It is submitted that if the present proposals as to the essential features of the fund are to be accepted, the Lawrence Asylum must form a sinking fund to meet the liabilities which it will incur by way of gratuity, and which may vary largely from year to year.

2. But it would seem better on the whole to start a separate consolidated fund, the Asylum making annual payments to that fund, fixed on a percentage (either one-half or three-quarters) of the amount of subscriptions actually deducted from subscriber's salaries.

A scheme on the lines of the Teachers' Retiring fund, Madras Civil Orphan Asylum, would seem most suited to the finances of the Lawrence Asylum.

H. D. TAYLOR—25-6-06.

The proposed scheme, as I now understand, is not a provident fund. The scheme indeed in no way depends upon any joint action on the part of the employés. Every employé can be treated as a separate entity. All the Asylum proposes to do is to say to each employé that if he agrees to deposit in the savings bank a certain percentage of his pay, the Asylum will on his retiring from its service in stated circumstances add a certain sum to the man's own deposit and interest.

2. There would be no legal obligation on the Asylum to give these allowances except under such restrictions as it chose to lay down and it would doubtless reserve to itself the full liberty and discretion of deciding whether the added gratuity was earned or not. The mere exaction of a promise from an employé to deposit a percentage of his income to his own credit in the bank would not *in itself* form a legal consideration on which the employé could sue.

3. The object of the scheme being to secure good service no employé would, however, be entertained unless he gave a promise to subscribe, which promise would be made a condition of service. The liability upon the Asylum to give the supplement would arise, independently merely from its reciprocal promise to do so; but as I have said they can be careful as to the conditions upon which this reciprocal promise is made; and if so there does not seem to be much danger of its getting into legal difficulties.

4. The fundamental question remains whether the Asylum can financially give this reciprocal promise. The safest way may be as Mr. Taylor suggests, to have a sinking fund. On the other hand though demands upon the resources of the institution might in any one particular year be very heavy, in succeeding years they would be proportionately light, and if the finances are sufficient to meet the *average* liability, I think it would be unnecessary actually to lock up money and establish a sinking fund. Government might quite safely advance the deficiency of an exceptional year, charging 4 per cent. interest on the deficiency, which would ordinarily be recouped next year.

K

5. If this suggestion is accepted in the Financial Department perhaps they would get the Accountant-General to calculate the *average* annual liability.

G. S. F[ORBES]—26-6-06.

To the Financial Department.

FINANCIAL DEPARTMENT.

Submitted that before proceeding further, the Educational Department may be requested to have the notes and currents put in type and to furnish this department with proof copies of printed currents and notes.

V.G.K.—2-7-06.

This would be a great convenience if the Educational department does not object.

C. M. SCHMIDT—2-7-06.

To the Educational Department.

EDUCATIONAL DEPARTMENT.

Please comply.

H. D. TAYLOR—3-7-06.

The currents and notes have been printed.

P. T. THARYAN—12-7-06.

H. D. TAYLOR—16-7-06.

To the Financial Department

FINANCIAL DEPARTMENT.

With reference to the Honourable Member's remark at K *supra*, viz., the Government might quite safely advance the "deficiency of an exceptional year, charging 4 per cent. interest on the "deficiency, which would ordinarily be recouped next year," it is respectfully submitted that, according to articles 283—4 (ii) of the Civil "Account Code, "no money may be removed "from the public treasury for investment "or deposit elsewhere" without the previous sanction of the Government of India. It does not also appear to be feasible to bring the advance under the category of Provincial advance and Loan account as the Lawrence Asylum Committee is not a local authority.

This money would not be invested or deposited elsewhere. It would be lent to the asylum. However, Government can hardly lend to the asylum any more than it can lend to a private person. I think a fund must be formed.

M. HAMMICK.

Articles 119, 120, of Civil Account Code, Vol. I.

2. It is submitted that the best plan appears to be for the committee to create, as suggested by the Secretary, Educational department, in his note, dated 25th June 1906, on page 12 *supra*, a sinking fund, *i.e.*, to start a separate fund, the asylum making *annual* payments to that fund, fixed on percentage (either one-half or three-fourths) of the amount of subscriptions already deducted from subscribers' salaries—a procedure similar to that in vogue in the case of the Teachers' Retiring fund of the Madras Civil Orphan Asylums and the Teachers' Retiring fund of the Madras Christian College.

Paras. 3 and 4 of Educational office note, dated 22nd June 1906, on page 11 *supra*.

3. The objection to the proposal to constitute a separate fund emanated from the Accountant-General. It is respectfully submitted that it is not clear how the creation of a special fund—if annual payments are made on a fixed percentage (either one-half or three-fourths) of the subscriptions so as to allow of non-payments of contributions in the case of death, dismissal, resignation, etc., of employés—which will of course be invested just like surpluses in the ordinary revenues of the institution, can be said to result in the unnecessary locking up of funds. It is only part of the surpluses of the general funds that would be so transferred to the special fund which would be also invested and the creation of a special fund moreover ensures the solvency of the Committee to meet the annual payments of gratuity. In the absence of a special fund, the existence of large balances in the general fund will not truly represent the financial condition of the institution inasmuch as the liabilities for the future payment of gratuities are not taken into account. Again, if, after some years' working, it be found that the amount contributed to the special fund is more than the actual requirements of the case, there seems to be no objection to stop making any contributions to the fund for some years or to reduce the annual amount to be contributed.

Accountant-General's note (*c*), dated 23rd December 1905, on page 4 *supra*.

This is the *crux*.

C. M. SCHMIDT.

4. For orders whether the file may be forwarded u.o. to the Accountant-General for remarks.

V.G.K.—23-7-06.

Yes.

G. S. F[ORBES].

It all depends on the average annual liability and that is what the Honourable Member wishes to ascertain. It does not matter whether the provision to meet this average annual liability is represented by the investment of the ordinary funds of the institution or of a separate and distinct fund. Submitted that the case may be referred to the Accountant-General for his remarks and for calculation of the average annual liability, if possible.

C. M. SCHMIDT—29-7-06.

A fund seems necessary. And the Honourable Member's suggestion that Government should lend money to the asylum when necessary to meet liabilities would probably not be possible. Special sanction to the arrangement by India would probably be necessary and they would hesitate to give it.

2. I do not see why the asylum should not contribute annually to form the fund. If from lapses the fund after some years was found to be larger than necessary, contributions to it would stop. But that contingency could hardly arise except after the lapse of several years.

M. HAMMICK—30-7-06.

To the Educational Department.

EDUCATIONAL DEPARTMENT.

Resubmitted to the Honourable Member.

H. D. TAYLOR—1-8-06.

778 Edl.—4

The first thing I want to ascertain is the value of the liability on the funds of the asylum. On that depends whether we can support the scheme in any shape. Whether a fund or not, is really a matter of detail: apparently as advances cannot under financial rules be made in case of deficiencies in any year of the contributions, there should be a fund. But the Accountant-General should advise on the question of amount of liability adding any remarks on the scheme he can offer.

G. S. F[ORBES]—1-8-06.

Will the Accountant-General please advise as requested by the Honourable Member?

H. D. TAYLOR—2-8-06.

To the Accountant-General.

I find it impossible to work out with mathematical accuracy the annual liability on the Lawrence Asylum funds which the proposed scheme will impose. There are not sufficient data, as to some of the factors a mathematical value cannot be given. But it is possible to arrive at a fair approximation sufficiently accurate to admit of a decision being arrived at.

2. I append a list of the appointments and rates of pay attached to the Lawrence Asylum which I have obtained from the Principal and Secretary, omitting, however, the appointment of Principal and Secretary. The aggregate monthly salaries amount to Rs. 2,865, and the deductions for the Provident fund to Rs. 179-1-0 or to Rs. 2,148-12-0 per annum. The maximum liability of the Lawrence Asylum funds is, therefore, this sum of Rs. 2,148-12-0 improved at compound interest. While this liability cannot be increased, it is liable to decrease from various causes and the difficulty of the calculation consists in giving a value to the causes of decrease. The maximum liability will be incurred only if all employés serve for thirty years, and does not allow for resignations, dismissals, deaths, premature retirement on medical certificate, or for service which has not been approved. It is manifest, therefore, that the full liability can never be incurred, and the question is what fraction may be considered as a fair average to take in determining the liability of the asylum. In the Secretariat note the fraction of half has been taken which would make the annual liability to the asylum Rs. 1,074-6 = $\left(\frac{2148\text{-}12}{2}\right)$. This may be considered a low average and that an average of three-fourths would be safer to take, involving a liability of Rs. 1,611-9-0 a year. If an annual charge to the asylum of a sum of Rs. 1,611-9-0 is made, it is assumed that this sum improved at compound interest of 3½ per cent. will provide the necessary funds wherewith the asylum will be able to meet any liability for bonuses to their employés at the rates mentioned in the rules. The Savings Bank rate of interest which the employés' deductions will receive is only 3 or 3½ per cent., whereas the rate of interest on Government paper which the asylum contributions will earn is 3½ per cent., and besides this the Savings Bank interest is only payable annually while the interest on Government paper is payable half-yearly. So that in the matter of interest a margin has been allowed.

3. But although the above figures may, I think, be considered as representing the maximum annual liability which the proposed scheme will impose on asylum funds for gratuities and pensions, it does not represent the *additional* liability to the asylum for these purposes. The Chief Secretary in his note of 30th March 1906 drew attention to the fact that pensions and gratuities are at present being paid by the asylum. These must be taken into account in calculating the net liability which the proposed scheme will involve, for this scheme is intended to replace the previous practice of giving pensions and gratuities. I enclose a copy of a statement I have had prepared of the cost of pensions and gratuities during the last fifteen years. It will be seen that the amount paid is Rs. 15,980 or 1,065-5-4 per annum. If this figure is taken into account the net liability involved by the new scheme is Rs. 1,611-9-0—Rs. 1,065-5-4 or Rs. 546-3-8 per annum only.

4. On a reconsideration of the circumstances of the case I too would recommend the establishment of a special Sinking Fund to meet the payments on account of gratuities. I think it would be a safer plan to charge to Asylum Funds and to set apart monthly the amount which represents the Asylum's liability for gratuities instead of following the Government plan of charging off against Revenue the actual gratuities paid in a year. The circumstances of Government and the Asylum are very different. I may also mention that the plan I now propose is that followed in the case of the Local Board Provident Funds. The investments may perhaps be made by the Accountant-General and the invested capital left in his custody with authority to invest the interest as it accrues. It would also be advisable to name the Trustees of the Sinking Fund who may alone operate on the fund.

5. It may perhaps also be considered advisable to make it quite clear that the employés have no claim, right or title to any bonus whatever from the Trustees, and that the giving or withholding of a bonus is a matter which rests entirely with the Trustees.

W. DOBBIE—5-9-06.

I suggested this in my note of 26th June 1906 on page 12 *supra*, and the point must be carefully borne in mind.

G. S. F[ORBES].

H. D. TAYLOR—6-9-06.

LIST showing the appointments, names, salaries and the dates of birth of the present employés of the Ootacamund Lawrence Asylum.

Appointments.	Names.	Salaries.	Date of birth.
		Rs.	
Head Master	Geo. Maddox, Esq.	300	6th April 1851.
Second Master	Mr. J. Closson	150	25th July 1852.
Third Master and Organist	,, J. Cardis	155	28th August 1876.
Fourth Master	,, C. Sells	100	27th October 1866.
Fifth Master	*Vacant*	85	....
Sixth Master	Mr. E. R. Coultrup	75	20th September 1883.
Seventh Mistress	Mrs. O'Kelly	70	*Absent on leave.*
Eighth Mistress	Miss F. Hollingsworth	65	16th August 1876.
Senior Nursery Teacher	,, G. Prince	60	21st December 1881.
Junior Nursery Teacher	,, M. Abraham	50	10th December 1874.
Telegraph Instructor	Mr. D. Brown	100	14th April 1862.
Drawing Master	,, V. S. Kodange	60	October 1878.
Typewriting Instructor	,, F. W. Haughton	25	31st October 1887.
Office Manager	,, T. Burrows	225	26th June 1841.
Office Assistant	,, A. Nageswarier	45	March 1878.
Steward	,, T. Curtis	105	22nd September 1853.
Senior Sergeant	,, W. Light	100	11th May 1859.
First Junior Sergeant	,, J. Smith	50	27th April 1865.
Second Junior Sergeant	,, W. Mumford	50	7th April 1877.
Band Sergeant	,, H. Taylor	85	10th September 1855.
Gymnastic Instructor Sergeant	,, M. Hurst	80	18th January 1872.
Upper School Matron	Mrs. Perkins	50	24th February 1859.
Nursery Matron	Miss Butters	40	19th July 1878.
Boys' Hospital Matron	Mrs. Forkgen	50	5th May 1863.
Head Mistress	Miss Green	175	24th September 1864.
Second Mistress	,, Sprowles	70	2nd April 1873.
Third Mistress	,, White	60	2nd February 1879.
Fourth Mistress	,, L. Copcutt	50	6th September 1876.
Fifth Mistress	*Vacant*	45	....
Sixth Mistress	Miss E. White	40	12th October 1880.
Seventh Mistress	,, E. Wilde	35	2nd September 1874.
Eighth Mistress	,, M. Prince	30	23rd August 1879.
Head Matron	Mrs. Campbell	50	23rd May 1860.
Second Matron	,, O'Neill	35	3rd September 1867.
Third Matron	,, Carmody	35	23rd May 1879.
Kitchen Matron	,, Lambert	35	8th January 1862.
Girls' Hospital Matron	,, Tyler	30	13th December 1855.

STATEMENT of pensions and gratuities paid by the Lawrence Asylum, Lovedale, for fifteen years from 1891-92.

Year for which paid.	Pension.	Gratuities.
	Rs.	Rs.
1891-92	600	1,700 + 3,300
1892-93	600	..
1893-94	600	100
1894-95	600	..
1895-96	600	..
1896-97	600	..
1897-98	600	600
1898-99	600	..
1899-1900	600	..
1900-1901	600	300
1901-1902	600	..
1902-1903	600	120
1903-1904	600	..
1904-1905	500	..
1905-1906	360	1,200
Total	8,660	7,320
Grand Total	15,980	

Resubmitted to the Honourable Member.

2. The Accountant-General estimates the additional liability at Rs. 546-3-8 per annum, or say Rs. 550 per annum in round figures.

3. At first these figures are likely to be somewhat disturbed as all the present employés will not apparently contribute to the fund in the first instance, while they will receive gratuities under the old rules.

H. D. TAYLOR—6-9-06.

The next question is can the Asylum afford the liability ?

G. S. F[ORBES]—7-9-06.

The financial question is discussed on pages 8 and 9 of the notes *supra*. It appears that the Male branch could well bear the charge, but that the ability of the Female branch to do so is doubtful unless the pay of the Principal is reduced.

2. Is there not a reference to India pending as to certain additional grants in respect of girls transferred from the Military Female Orphan Asylum ?

H. D. TAYLOR—8-9-06.

In paragraph 2 of his note of this date *supra* the Secretary apparently refers to the reference made to the Government of India in letter No. 258, Educational, dated 10th April 1906. If the request therein contained is granted, the Female branch of the Asylum will receive Rs. 6,000 per annum in lump in lieu of the grant of Rs. 5 per girl per mensem now paid. The strength of the Female branch on the last day of 1905 was 167—*vide* table A on page 9 of the report for that year. This was actually two more than the maximum prescribed—rule 32 on page 32 of the report and paragraph 3 of the letter above quoted. The application to the Government of India will not therefore result in any permanent increase though it will make the income steadier.

P. T. THARYAN—8-9-06.

C. G. MACKAY—10-9-06.

The Accountant-General recommends that a *sinking fund* be formed to meet the payments due from the Lawrence Asylum on account of gratuities. He does not, however, state whether he approves the proposal of the Committee that each employé should have a separate Savings Bank account for the amounts deducted from his salary—the book to be kept with the Principal—or whether *both* deductions from salary *and* contributions from the Asylum funds should be kept together in one account and invested in the name of Trustees.

2. The latter question is being dealt with in a separate note.

H. D. TAYLOR—11-9-06.

On the next vacancy we must reduce the pay of the Principal. We were premature in giving him an enhancement when the orphans were brought from Madras. Besides his salary proper, the post gives many advantages, house free, a good deal of service, the benefit of cheap prices in domestic marketing, climate, etc. The salary may well be reduced on the next vacancy to the old figure (if not lower).

Note this.
H. D. TAYLOR—21-9-06.

2. It will be best to establish a *sinking fund*, in which the contributions of the Asylum should be placed ; this fund to meet the gratuities which the Asylum may pay on the retirement of a servant. Perhaps on the whole it will be better that each contributing servant should have a separate Savings bank book on his own account, the book to be kept with the Principal who will receive authority from each servant, on entering the Asylum's service, to make the deductions. The liability of the Asylum as contributing to gratuity, and the servant's right to his own deductions will thus be kept more clearly distinct.

G. S. F[ORBES]—19-9-06.

Very well. Let us agree to the scheme as now worked out.

G. S[TOKES]—21-9-06.

Please draft for approval.

H. D. TAYLOR—22-9-06.

Note please that the rules of the Madras Civil Orphan Asylum and Christian College are to be returned with thanks, explaining why they were called for.

H. D. TAYLOR—22-9-06.

The drafts placed below are submitted for approval.

2. Paragraph 2 (1) has been drafted on the assumption that the Trustees of the Asylum in whose names the securities belonging to the Asylum are now invested will also be the Trustees of the Sinking fund. Please see however the notes and orders in the linked file.

P. T. THARYAN—3-10-06.

The different orders which are scattered have been carefully checked.

C. G. MACKAY—4-10-06.

With reference to paragraph 2 (2), no specific orders have been passed as to whether the Principal and Secretary should be allowed or required to contribute to the fund. I see no objection, and it is not improbable that it may be necessary to appoint a new Principal on a reduced progressive salary ere long.

2. A further question arises under paragraph 1 (4) as to the position of present employés. The maximum gratuity ordinarily admissible under Civil Service Regulations is nine months' salary, but under paragraph 1 (4) an employé who has been drawing Rs. 100 a month for 20 years would after 10 years' additional service be entitled to receive Rs. $\frac{100\times20\times12}{16}$ = Rs. 1,500 or fifteen months' pay as a gratuity for past service up to date of institution of the fund. Should not some limitation, say, a maximum of six months' salary be imposed in such case as the estimated amount on which gratuity for past service is to be calculated ?

* The Civil Service Regulations do not apply to the Institution. Gratuities have been given to larger amounts, *e.g.*, twelve months' salary—*vide* G.O., 428, Educational, 22nd June 1905.
H. D. TAYLOR.

Z

3. Nor does it appear how *present* employés can be *compelled* to contribute. Such contribution must apparently be optional in their case. Is any limit of age necessary at which the grant of permission to join the fund should cease ?

H. D. TAYLOR—6-10-06.

With reference to the Secretary's remarks at Z above it is respectfully submitted that paragraph 1 (4) of the draft summarizes the proposal of the Committee of the Lawrence Asylum in regard to gratuities to present employés. This proposal has not been approved by the Government. The Accountant-General also was against it—*vide* paragraph (*a*) of the Accountant-General's note on page 4 *supra* and paragraph 2 of the Honourable Member's orders, dated 31st March 1906, on page 7 *supra*. Hence in paragraph 2 (9) of the draft it is stated that retrospective effect will not be given to the scheme. The proposals summarized in paragraph 1 of the draft are modified in some respects in paragraph 2. To make the intention clearer the words "and no gratuities will be paid under the scheme for services rendered prior to its coming into force" may perhaps be added; but is this necessary ?

C. G. MACKAY.

Submitted that it may.
C. G. MACKAY.
H. D. TAYLOR.

P. T. THARYAN—8-10-06.

Yes.
H. D. TAYLOR—9-10-06.

May not the draft demi-official in the file issue at once ?

P. T. THARYAN—9-10-06.

For orders.

C. G. MACKAY—8-10-06.

The proposed addition may be made. The expression "retrospective effect will not be given to the scheme" does not in itself define clearly the position of present employés in respect of *past* service. It might mean merely that contributions should not be accepted with retrospective effect. The amendment will make it clear that past service is not to count for calculation of the gratuity payable.

2. But in any case the position of present employés will have to be considered. They would, if no Provident fund were instituted, probably be granted gratuities for long service. If they elect to come under the new fund it seems hardly equitable that they should forfeit all past service in calculating the gratuity payable. Such cases would seem to require special orders in each case, and a small additional gratuity payable, not from the sinking fund, but from general revenues, might be given up to a maximum of six months salary at date of introduction of the scheme on the merits of each case in addition to any payment from the sinking fund.

G. S. F[ORBES]—11-10-06.

H. D. TAYLOR—9-10-06.

What is the meaning of paragraph 1 (4) which provides that the gratuity is to be calculated on the amount which would have been deposited from entry into service and on the amount actually in the bank?

G. S. F[ORBES]—11-10-06.

Please see paragraph 12 (2) of the Principal's letter. I will state a concrete case of what I understand to be the effect of the proposal.

Take a present employé who has served for 15 years on a salary of say Rs. p per mensem and who retires after subscribing to the fund for ten years on a salary of Rs. x. His total service will be 25 years.

His total salary earned during service will be Rs. $(15 \times 12)p$ + Rs. $(10 \times 12)x$ and the total amount on which the gratuity payable will be calculated will thus be Rs. $\frac{2}{1\,6}$ $(15 + 10x)$ + interest actually accrued. But the rule does not make it clear whether in such case the gratuity should be calculated at $\frac{1\,0}{3\,0}$ or $\frac{2\,5}{3\,0}$ of the above sum. Apparently the latter is intended. If so, and if the proposal is accepted, my suggestion in paragraph 2 of my note, dated 9th October 1906, *supra* in respect of present employés who join the fund need not be considered, but it will place those employees on a considerably more advantageous position than they are at present; paragraph 3 of the draft will then require modification. The original suggestion of the committee does not make it clear whether past service, as well as assumed past contributions, were to be counted for calculation of the gratuity.

H. D. TAYLOR—13-10-06.

I was prepared to accept Secretary's suggestion on page 17 *supra*, to which paragraph 3 of the draft gives effect, except that it makes no reference to any extra gratuity which Government may give as an act of grace. This may be mentioned, I think, in the G.O. by adding to paragraph 3 the two sentences I have inserted in the draft.

2. My question on 11th instant was a request to be enlightened as to the construction of paragraph 1 (4) which seems unintelligible as it stands. However let it stand as a description of the original proposal.

3. Draft otherwise approved with some slight modifications.

G. S. F[ORBES]—13-10-06.

Send to me at Madras please.

G. S[TOKES]—15-10-06.

Is paragraph 3 of the draft intended to overrule paragraph 1 (4)? They seem inconsistent. Apparently 1 (4) is only a proposal but, if so, it would make the case clearer to omit paragraph 1 of the draft altogether.

G. S[TOKES]—19-10-06.

Paragraph 1 states the proposals of the Lawrence Asylum Committee. Paragraph 2 accepts that scheme with certain modifications. Paragraph 4 calls upon the committee to submit a revised copy of the rules, amended in accordance with the G.O. If paragraph 1 is omitted, the entire scheme of the draft will require alteration. Paragraph 4 might be altered as follows: "A copy of the rules as revised with reference to the foregoing remarks is printed as an appendix to the G.O. The committee will be requested to state whether it accepts the rules as now revised." This will probably save further discussion, and will avoid any ambiguity.

Very well.

G. S[TOKES].

H. D. TAYLOR—20-10-06.

Paragraph 1 (4) says in effect that present employés will be given a gratuity on retirement calculated as if they had subscribed to the scheme throughout their service. Paragraph 3 says: "No gratuities will be paid under the scheme in respect of past service prior to its coming into force." If these two dicta are reconcilable, well and good. I have no objection to the order.

his is merely the committee's proposal which is not accepted in the rules as revised by Government.

H. D. TAYLOR—22-10-06.

G. S[TOKES]—21-10-06.

Please have a copy of the rules as now revised drawn up and attached to the G.O. as an appendix.

H. D. TAYLOR—22-10-06.

Please see copy of the rules appended to the order.

P. T. THARYAN—25-10-06.

I think the illustration of the working out of the gratuity as shown in the memorandum submitted by the committee might be inserted after rule 7. Otherwise I fear the rules may be obscure.

C. G. MACKAY—29-10-06.

Please add accordingly as a note or example. We must be careful, with reference to paragraph 14, not to use the term *service*, as that might be construed as including total service including past service up to the date of institution of the scheme. Better use the term "for which he has been a subscriber to the fund." The rules, as finally amended, may now go to the Advocate-General for remarks as to their legality.

H. D. TAYLOR—30-10-06.

Please see illustration added to rule 7.

2. With reference to the term "subscriber to the fund" it is respectfully submitted that the fund will be from asylum contributions. The amount deducted from a servant's salary will not form a "fund". It will be deposited in his name in the Savings Bank. Would not the expression "during which deduction has been made from his pay" be better?

Perhaps "scheme" would do for fund.

C. G. MACKAY.

3. The file may go to the Advocate-General unofficially?

P. T. THARYAN—30-10-06.

To the Advocate-General.

C. G. MACKAY—31-10-06.

Opinion.

"These are not rules framed under any enactment by an authority authorised to make them. "I do not know exactly the legal relation which Government occupies towards this institution by "virtue of which it exercises authority and control over the institution and appoints trustees for "its funds. The proposed Provident fund is not one to which the provisions of the Provident "Fund Act (IX of 1897) apply, or can be made applicable, and the rules in regard to the sinking "fund provide a means for supplementing the Provident fund. These rules will have a legal "operation only as regulating the terms of the contract between the Committee of the Asylum "and the persons who may be employed by them and this is expressly provided for by the very "first rule. The rules seem to be well adapted to carry out this object; and these or such of them "as really form part of the contract should be endorsed on the back of the agreement obtained "from each employé when he is so employed, and incorporated into the contract by reference "thereto in the body of the agreement."

2. I have no other remarks to offer.

V. BHASHYAM IYENGAR—28-11-06.

Demi-official from Major-General Simpson, Principal and Secretary, Lawrence Asylum, Lovedale, the Nilgiris, to the Secretary to Government, Educational department, dated 21st November 1906, No. 2160.

May I request that you will be so good as to let me know when the Committee of this asylum may expect orders on the scheme for paying gratuities to asylum employees. The papers connected therewith were forwarded on the 2nd October 1905.

Please see pencil addition to paragraph 2 (3) of the draft, with reference to the concluding portion of the Advocate-General's opinion above. If approved it will be inked.

2. May the order now issue? General Simpson has asked for orders on the scheme.

P. T. THARYAN—28-11-06.

The addition proposed by the Advocate-General may be made to paragraph 2 (3). It is the only point he notices.

C. G. MACKAY—29-11-06.

Yes. The Government order may now issue.

H. D. TAYLOR—30-11-06.

[G.O., No. 778, Educational, dated 30th November 1906]

[E]
1,500—12-12

EDUCATIONAL DEPARTMENT.

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Papers of the department to which the current belongs.

Number.	Date.	Original (=O) or spare copy (=S. C.).	Remarks. (In this column such of the papers as have been removed for copying, printing, &c., should be marked with a cross.)	Initials of Referencer with date in token of return to Reference department.

Papers of other departments.

Department.	Number.	Date.	Original (=O) or spare copy (=S. C.).	Despatcher to note the return of the papers to the departments concerned.

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~~Legislative~~ Department.

To 778/06

LOCAL & MUNICIPAL
28 NOV 1906
SECRETARIAT.

NOTES.

LOCAL & MUNICIPAL SECRETARIAT. 6 - SEP 1906

EDUCATIONAL DEPARTMENT.

NOTES CONNECTED WITH G.O., No. , EDUCATIONAL, DATED 1906.

[SUBJECT.—*Scheme for the payment of gratuities to deserving servants of the Lawrence Asylum, Ootacamund.*]

Previous papers.

G.O.,	321,	*Educational*,	10*th Dec.* 1863.	G.O.,	263,	*Educational*,	1*st June* 1903.
„	193	„	4*th July* 1864.	„	326	„	6*th July* „
„	188	„	25*th May* 1869.	„	1565, 1566	*L.*,	9*th Dec.* „
„	272	„	22*nd Sept.* 1871.	„	74,	*Educational*,	29*th Jan.* 1904.
„	295	„	12*th* „ 1881.	„	103	„	11*th Feb.* „
„	386	„	4*th Dec.* 1882.	„	179, 180	„	4*th March* „
„	186	„	19*th March* 1885.	„	605	„	3*rd Oct.* „
„	572	„	4*th Sept.* 1886.	„	1443, 1444	*L.*,	11*th Nov.* „
„	527	*Marine*,	24*th Nov.* 1887.	„	1508	*L.*,	29*th* „ „
„	91, 92	*Educational*,	3*rd Feb.* 1888.	„	296	*L.*,	13*th March* 1905.
„	146	„	7*th March* „	„	219,	*Educational*,	4*th April* „
„	846	„	4*th Nov.* 1891.	„	428	„	22*nd June* „
„	446	„	11*th June* 1892.	„	465	„	7*th July* „
„	556	„	1*st Aug.* 1893.	„	466	„	7*th* „ „
„	217	„	28*th May* 1900.	„	513	„	27*th* „ „
„	368	„	18*th Aug.* „	„	643	„	27*th Sept.* „
„	689	„	22*nd Dec.* „	„	147, 148,	*Financial*,	22*nd Feb.* 1906.
„	420	„	22*nd July* 1902.	„	238	*L.*,	2*nd March* „

From the Director of Public Instruction, dated 20th October 1905, No. 8423.

The Committee of the Lawrence Asylum was in the habit of paying pensions to deserving servants of the Asylum—paragraphs 8 and 10 of the Memorandum in G.O., No. 846, dated 4th November 1891. This practice was discontinued under G.O., No. 217, Educational, dated 28th May 1900, and since then only gratuities have been paid—*vide* for instance G.O., No. 368, Educational, dated 18th August 1900, No. 420, Educational, dated 22nd July 1902, and No. 428, Educational, dated 22nd June 1905.

2. In its letter recorded in G.O., No. 103, Educational, dated 11th February 1904, the Committee requested sanction to the payment of gratuities to its servants in accordance with a scheme to be formulated subsequently. The Government, however, requested the Committee to formulate its scheme in the first instance. This it has now done.

3. The main features of the scheme are—

(1) Each employé should pay a subscription of one anna in the rupee of his salary—the amount to be lodged in his name in the savings' bank—the pass book to be with the Principal.

(2) On retirement *after five years' service* the employé will be paid back the amount to his credit in the bank with so many thirtieths of that amount, according to the number of years he has served.

(3) In case of death or dismissal, only the amount in the bank to be paid.

(4) In the case of the present employés, the actual amount in the bank should be paid with a gratuity calculated on the amount which would have been deposited from the date of an employé's joining the Asylum up to the date of his retirement supposing the scheme had been in force from the date of his joining.

(5) The benefit of the scheme to be extended to the employés of the two presses belonging to the Asylum.

(6) A sum of Rs. 10,000 to be set apart as a reserve fund for meeting payments on account of gratuities.

4. For orders whether the scheme may be approved subject to the following modifications :—

(1) When an employé *resigns* he should receive only the amount in the bank, without any gratuity in addition.

(2) No retirement should be allowed except—

(*a*) On medical certificate (invalid gratuity) or

No reason to fix so low an age ? 65th would be better?
A. GALLETTI.

(*b*) when an employé attains *his 55th year* (superannuation gratuity) or

(*c*) when his appointment is abolished (compensation gratuity).

(3) No separate reserve fund is necessary. Any gratuity which becomes payable may be met from the balance to the credit of the Asylum.

5. The Committee also suggests for the consideration of Government whether the gratuity payable under the scheme may not be raised to a sum equal to the amount in the savings bank—at least in the case of employés who have put in 25 years' service. Orders are solicited on this suggestion.

P. T. THARYAN—28-10-05.

Vice-Chairman's scheme and Committee's suggestion :—

N being the number of years' service and M the amount of the servant's savings, the gratuity payable by the Asylum will under the Vice-Chairman's scheme vary as N.M., under the Committee's it will vary as M, *i.e.*, N^2 will under the first scheme enter into the calculation, only N under the second scheme.

Submitted that in principle it is proper to recognise the claim of long service accumulatively, and that if the Committee's recommendation in favour of greater liberality is accepted, greater liberality may be introduced not by completely altering the scheme but by substituting twentieths or twenty-fifths for thirtieths.

2. It will be observed that the Vice-Chairman has suggested no limit : he proposes $\frac{40}{30}$ths for 40 years' service ; the amount of gratuity may exceed the amount of savings. Submitted that there is no objection to this ; in this respect the Vice-Chairman's scheme is more liberal than the Committee's.

The Vice-Chairman] is the Collector—rule 3 in G.O., No. 513, Educational, dated 27th July 1905.

A. GALLETTI—30-10-05.

1 | Please put up the Local Fund Provident rules. The terms proposed seem extremely liberal. I think that generally a unit of $\frac{1}{30}$ may be adopted, and I do not think that any sum more
2 | than the total amount at deposit should be added by way of gratuity : Why should the fund of the institution contribute also an amount equal to interest and compound interest on the sums deposited ? I would allow retirement after 55 years of age—and compulsory retirement after 65 years.
3 | Under what provision of law can proposed rule 12 be enforced ?

H .D. TAYLOR—1-11-05.

1 The Local Fund Provident rules will be found printed on pages 7—10 of G.O., Nos. 1565, 1566 L., dated 9th December 1903.

2 There appears to be no special reason. A fund will be formed out of the monthly subscriptions and it appears to be simply proposed to make the calculations on this fund.

3 The rule is apparently based on the similar rule of the Harbour Trust, Railway and Local Fund Provident funds, please see for instance note to rule 4 on page 7 of G.O., Nos. 1565, 1566 L., dated 9th December 1903. But under section 6 of the Provident Funds Act, 1897, the
A | Government of India can exempt from liability to attachment only Provident funds established by *Local authorities*. The Lawrence Asylum is not such an authority—*vide* section 3 of the Local Authorities Loan Act, 1879. It does not seem therefore that the proposed rule 12 can be enforced.

P. T. THARYAN—2-11-05.

A appears to be incorrect. See the Provident Funds Act, 1897, section 4, which is the legal provision in question. Compulsory deposits in any Government or Railway Provident fund are not liable to attachment. The provisions of section 4 may under section 6 be extended to funds established by local authorities.

Respectfully submitted that A speaks of only *extensions* under section 6.

P. T. THARYAN

The question here is not whether the Asylum is a local authority, which no one would think of asserting, but whether it is a Government institution and its servants Government servants which is, it is submitted, a nice question. It was founded by Government and is mainly supported by Government, but Government have divested themselves of the property and entrusted it to a Committee.

No : it was started by private subscription.

G. S. F[ORBES]—17-3-06.

Anyway, it is submitted, rule 12 is superfluous. If the fund is a Government Provident

H. D. TAYLOR.

fund the Act protects it, if it is not the rule would not protect it.

A. GALLETTI—3-11-05.

G.O., Nos. 1565, 1566 does not contain the complete set of rules, but only the amendment of certain Local fund rules. Put up the complete set please.

H. D. TAYLOR—4-11-05.

Submitted that pages 7—10 of G.O., Nos. 1565, 1566 L., dated 9th December 1903, contain the entire rules as revised up to that date. There appear to have been only two modifications since (1) G.O., Nos. 1443, 1444 L., dated 11th November 1904, and (2) G.O., No. 1508 L., dated 29th November 1904.

P. T. THARYAN—4-11-05.

A. GALLETTI—7-11-05.

In the case of District Board Provident funds the bonus contributed by the District Board is adjusted annually and is equal to the sums recovered from the employe's pay for qualifying service during the year. The District Board contributes nothing by way of interest, except what is derived from the investment. The present proposal is to give a lump gratuity on retirement from Lawrence Asylum funds calculated on the amount deposited *plus* interest. This system *may* cause budget complications: there might be considerable demands in one year for which no budget provision existed.

This seems to be the chief objection to the proposal. Otherwise the rules are simple and financially sound. Rule 12 should be omitted and rules 6 and 9 amended by the addition of the words "on retirement".

2. I would accept the proposed unit of $\frac{1}{30}$ for each year's service after five years—but would in no case allow a contribution in excess of the total amount standing at deposit, the maximum being fixed at $\frac{30}{30}$th. If the proposal to contribute the full equivalent of the investment is accepted, the amount of the gratuity will, after 30 years' service, include a large sum under accumulated interest. But before sanctioning the proposal we should have some definite idea as to what the annual cost to the institution may be, say, at the end of 25 years. Only an actuary could work out the figures in detail.

3. I think that the Asylum should, by way of reserve, add to its own reserve funds each year, an amount equal to that deducted from their employé's pay for deposit in the savings bank.

H. D. TAYLOR—8-11-05.

Will Financial department and the Accountant-General now give their views?

G. S. F[ORBES]—11-11-05.

FINANCIAL DEPARTMENT.

The word "nominee" used in draft rules 4 and 8 does not seem to be accurate. The words "heir or legal representative of the deceased" may be substituted.

2. As in the case of the "Local Fund Provident" rules the deduction of one anna may be made in each *whole* rupee, fractions of a rupee being left out of account for purpose of calculating the subscription. In that case "in each whole rupee" may be substituted for "in the rupee" in draft rule 2.

Rule 5 of "Local Fund Provident Institutions" on page 7 of G.Os., 1565, 1566 L, 9th December 1903.

3. The case may be passed on to the Accountant-General un-officially for favour of his remarks.

A.H.—21-11-05.

Please put up spare copies of India's recent letter regarding a General Provident fund.

C. M. SCHMIDT—5-12-05.

Copy of Government of India, Finance department, letter No. 4921-P., dated 8th September 1905, relating to the extension of the Provident Fund system, is put up.

In G.O., 147, 148, Financial, 22nd February 1906.

A.H.—5-12-05.

The Accountant-General's remarks may be invited.

C. M. SCHMIDT—9-12-05.

Yes. Will Accountant-General kindly remark on the proposals?

M. HAMMICK—13-12-05.

ACCOUNTANT-GENERAL'S OFFICE.

The following remarks suggest themselves to me in connection with the proposed scheme:—

(*a*) So far as the gratuity payable from Asylum funds is concerned, it is proposed to give retrospective effect to the scheme. This is an unusual course and will entail some initial expenditure upon Asylum funds, which may be large, and will involve a series of calculations which must cause a good deal of work.

(*b*) I understand that it is intended that no payment of gratuity should be made in cases of voluntary resignation of the Committee's service, but the insertion of the words "on retirement" in rules 6 and 9 is hardly calculated to secure this. It may be argued that resignation is a retirement from the Committee's service, and I think it would be well to make the intention so clear as to place the matter beyond dispute. It is for consideration whether it would not be well to limit the retirement to the three cases mentioned in the Secretariat note of 28th October 1905, *i.e.*, on medical certificates; on superannuation and on abolition of appointment. Even with these restrictions it would seem that it should be provided that the full amount of the gratuity is payable only in respect of approved service, and it would be well to safeguard the right of the Committee to reduce or withhold the gratuity in case the service has not been approved or has not been wholly approved. It is rarely that resort is had to the extreme measure of dismissal. More often a servant is made to retire and in such cases it is doubtful whether the whole or it may be any part of the gratuity should be paid.

May be accepted.

H. D. TAYLOR.

(*c*) I am not sure that the setting aside annually for investment of a sum equal to the share payable by the Committee of the contributions paid by the employés into the Savings Bank is advisable. This contribution in the case of some of the employés may never be paid to them, for no gratuity is payable on death, dismissal, resignation, etc. I think the Government plan of including in the annual budget a sum to meet the probable payments on account of gratuities would suffice. The existence of a reserve would ensure that funds are available for the purpose. Of course any surplus of revenue would be invested but as part of a general Reserve fund instead of as a part of a Special fund to meet payments of gratuities. The gratuities when disbursed would be charged to Revenue and thus come under regular audit.

We must see that a reserve is formed.

H. D. TAYLOR.

(*d*) It would be as well to provide in the rules the rate of payment to be made by employés from leave allowances. Is it to be one anna in the rupee on the salary of the employé's appointment or on the rate of leave allowances he receives?

For District Board Provident funds it has been decided that the calculation should be on the rate of leave allowances actually drawn.

H. D. TAYLOR.

(*e*) It is hardly sufficient to provide merely for the custody of the pass-books by the head of the office. The account should be of such a nature that it cannot be operated upon except upon the signature of the head of the office. Of such a nature are security accounts in the Post Office Savings Bank.

H. D. TAYLOR.

(*f*) It is for consideration whether it is advisable to make any provision in the rules for advances out of the Savings Bank account to be made to the employé to whom the account relates. It is not an unusual thing for the Provident fund rules to make such provision.

W. DOBBIE—23-12-05.

FINANCIAL DEPARTMENT.

The Accountant-General's suggestions (*b*), (*c*), (*d*), (*e*) and (*f*) may be concurred in by this department and remitted to Educational for consideration.

2. As to (*a*), the giving of retrospective effect to the scheme may, as pointed out by the Accountant-General, entail heavy expenditure on the Asylum funds. On the other hand, if this is not done, the benefits to be derived from the fund will be confined mostly to the younger employé's of the Asylum. If this retrospective effect is to be given, the cost should be first calculated by taking the amount for which the Asylum would be liable at the present date under the clause headed "Present employés" in rule 12.

C. M. SCHMIDT—3-1-06.

I agree. It would not be difficult to calculate what is likely to be the liability if present employés are treated as proposed.

M. HAMMICK—6-1-06.

To the Educational Department.

EDUCATIONAL DEPARTMENT.

Please make the calculation referred to or ask the Secretary, Lawrence Asylum, to do so.

H. D. TAYLOR—9-1-06.

A draft reference to the Principal and Secretary, Lawrence Asylum, Ootacamund, is placed below for approval. It is submitted that there are no sufficient data for making the calculation here as the length of service of the present employés is not known.

N.L.R.—11-1-06.

P. T. THARYAN—11-1-06.

Issue.

C. A. SOUTER—12-1-06.

[Memorandum, No. 20, Educational, dated 16th January 1906.]

From the Director of Public Instruction, dated 1st March 1906, *No.* 8423.

With reference to Memorandum, No. 20, dated the 16th January 1906, the Principal and Secretary, Lawrence Asylum, Ootacamund, submits a statement giving particulars of the present employés who have more than 5 years' service and would be entitled to gratuities according to the scheme proposed for the payment of gratuities to deserving servants of the Lawrence Asylum.

2. It is recommended that the cases of Messrs. Closson and Burrows, Nos. 14 and 15 in the statement to whom gratuities of Rs. 3,338 and Rs. 7,837, respectively, would be payable should be regarded as exceptional and be treated accordingly on their merits. For orders as to whether this recommendation should be accepted.

3. It is also suggested that no gratuities should, as a rule, be paid on contributions after 30 years' service, but that an employé may add to his contributions to the very end of his service, however long it may be. For orders whether this suggestion may be accepted.

I see no objection.

H. D. TAYLOR.

4. From the statement submitted by the Principal and Secretary, Lawrence Asylum, it will be seen that the amount for which the Lawrence Asylum funds would be liable is Rs. 3,677-15-0 or Rs. 3,678 in round figures excluding Nos. 14 and 15. Including the latter the amount is Rupees 14,853-5-0 or Rs. 14,853 in round figures.

N.L.R.—6-3-06.

Pages 5 and 7 of G.O., 465, 7th July 1905.

On the 31st March last the male branch of the Asylum had a cash balance of Rs. 5,917 and net assets of Rs. 5,81,903.

2. The Principal's name does not appear in the statement furnished by the Committee. Probably his case is to be treated specially and outside the present scheme. Should the Committee be asked ?

P. T. THARYAN—6-3-06.

The Principal will probably not come under the scheme. For orders on the proposal.

C. A. SOUTER—7-3-06.

Please see page 1375 of the Lawrence Asylum Almanack for 1905, and page 10 of G.O., 219, Educational, 4th April 1905. Nos. 1, 2, 3, 4, 5, 10 and 14 of statement with the current belong to the male branch and Nos. 9, 11, 12, 13, 16 and 17 to the female branch. Nos. 6, 7 and 8 belong to both in equal proportions and 15 in the proportion of 188 : 37. Of the total sum of Rs. 14,853-5-0 therefore Rs. 12,520-4-0 is debitable to the male and Rs. 2,333-1-0 to the female branch. Omitting Nos. 14 and 15, the amounts will be Rs. 2,633-11-0 and Rs. 1,044-1-0, respectively.

P. T. THARYAN—9-3-06.

Have we any information as to how much of this charge would fall on the male and female branches, respectively ? The budgets of the Lawrence Asylum recently received provide for a balance of Rs. 4,000 or only 4 per cent. of the annual income on the male side, and for a deficit of over Rs. 2,000, or about 5 per cent. of the annual income on the female side. It would not be possible to provide for the additional charge.

2. The statement has been worked out also for portions of years, which are inadmissible. Only completed years should be taken into account. Cases Nos. 14 and 15 must of course have special treatment. The gratuity should not, under the ordinary rules, exceed nine months' salary in each case.

Of the other proposals of the Accountant-General—

(*b*) may be adopted, the special cases of retirement entitling to gratuity being clearly specified.

(*c*) The Accountant-General's view may be accepted, but a general Reserve fund should be formed apart from the ordinary balance.

(*d*) Payments on leave should be in proportion to the leave allowance actually drawn. This has just been* decided in the case of Local Boards.

K

* G.O., 238 L., 2nd March 1906.

(*e*) is very necessary.

(*f*) I would not make any provision in this case. The staff are largely Europeans and receive board and lodging.

Provision for withdrawal from Provident funds is, it is believed, generally made to meet temporary emergencies such as cost of weddings, purchase of house-sites and the like. At the Asylum these conditions would hardly apply.

H. D. TAYLOR—8-3-06.

I should like first to know on what legal basis the fund is to be established: is it a voluntary fund and servants bound by engagement on entering the service to contribute?

G. S. F[ORBES]—10-3-06.

Please see the notes on page 2 *supra*. Mr. Galletti thought that the fund might be regarded as a Government Provident fund, but this was doubtful. If not a Government fund it should apparently be regarded as a voluntary fund and servants bound by engagement on entering the service to contribute.

P. T. THARYAN—13-3-06.

It all depends on whether the institution is a Government institution or not.

C. A. SOUTER—13-3-06.

The institution receives Government aid, but cannot, it is submitted, be termed a Government institution. The Lawrence Asylum Press, with which it is intimately connected is a private institution and is not in any way connected with Government.

The fund must be considered to be a voluntary fund and as such I doubt whether it could be applied to any employés of the institution now in permanent service without their consent.

H. D. TAYLOR—14-3-06.

The other day I came across in a file a history of the origin of the Lawrence Asylum: and if that note was correct it is apparently not a Government institution, nor the servants of it Government employés. It was started by private subscription, and the Government made most generous grants and concessions; it was never handed over to Government *so far as I know*.

If so, the Provident Funds Act cannot therefore be applied so that any fund started would be purely a voluntary concern.

Our intervention is apparently, in right of our large state donations, etc., to say whether certain contributions will be given in aid of the fund and the subscriptions of the employés. If a fund is started, it must be made a stipulation of service to make certain contributions and abide by the conditions of the fund, which will thus rest on contract.

But please trace the orders on which Government intervene in the administration of the institution.

Also indicate what the intention is as to the management of the fund and the custody and investment of the income. Is there any Act enabling the Accountant-General to become the trustee of the fund, etc.

G. S. F[ORBES]—17-3-06.

VII

Please see G.O., No. 446, Educational, dated 11th June 1892, which contains brief histories of—

VII

(1) The old Military Male Orphan Asylum, and

(2) The old Ootacamund Lawrence Asylum, prepared by Mr. Spring Branson—Advocate-General. The first was a private institution—paragraph 3 of the Advocate-General's opinion on page 2 of the Government order. The second also was a private institution till it was taken

over as a Government institution in 1862 with the sanction of the Secretary of State—paragraph 5 of the Advocate-General's opinion. The Advocate-General did not discuss the legal effect of this transfer.

2. The two institutions were amalgamated in 1871—paragraph 2 of G.O., No. 91, Educational dated 3rd February 1888. The entire funded property of the amalgamated institution aggregating Rs. 4,89,200 came from the Military Male Orphan Asylum—paragraph 3 of G.O., No. 91, Educational, dated 3rd February 1888. The Lawrence Asylum Press also belonged to that institution—paragraph 2 of the Advocate-General's opinion with G.O., No. 446, Educational, dated 11th June 1892. The assets of the original Lawrence Asylum amounting to about Rs. 87,000 appear to have been absorbed in the new building at Lovedale, the estimated cost of which was 11½ lakhs of rupees. The building as well as the land on which it stands is the property of Government—paragraph 3 of G.O., No. 91, Educational, dated 3rd February 1888. A fixed contribution of Rs. 48,000 per annum is also paid by Government to the amalgamated institution.

Also G.O., 272, Educational, 22nd September 1871.

3. The first set of rules for the amalgamated Lawrence Asylum and the Madras Military Male Orphan Asylum was sanctioned in G.O., No. 146, Educational, dated 7th March 1888. Rule 4 thereof provided that "the Committee shall be directly responsible to Government for the "administration of the Asylum and shall be bound to obey all their orders relating thereto". This rule still remains in force—rule 3 as modified by G.O., No. 513, Educational, dated 27th July 1905.

4. As regards the question of the management of the fund and the custody and investment of the income referred to by the Honourable Member, it is submitted that under the existing proposal there will be no fund. The deduction from salary will be invested in the Post Office Savings Bank in the name of the person whose salary is deducted—proposed rule 1. The pass book will be with the Principal and Secretary—rule 2. When the employé retires, if he has five years' service, he will be paid out of the Asylum funds so many thirtieths (according to the number of years he has served) of the total amount standing to his credit in the savings bank in addition to that amount—rule 9.

5. If the subscriptions are not to be invested as proposed, it will be necessary to form a separate fund of them, but it does not appear that there is any Act enabling the Accountant-General to be the trustee of such a fund. The fund will not come under the Charitable Endowments Act.

P. T. THARYAN—23-3-06.

C. A. SOUTER—27-3-06.

The proposal does not involve the management of any fund, but merely the keeping of a number of savings bank pass books, one for each employé. It involves a constant drain upon the general funds of the Asylum by way of gratuities to retiring servants. What this would amount to is not clear, but for some time to come it would not be a very large sum, unless retrospective effect is given to the scheme. This is objected to by the Accountant-General. The cost would probably not be higher than that of the pension formerly paid, or the gratuities now paid.

H. BRADLEY—30-3-06.

If the contributions of each employé are to be invested in his own name in the savings bank and each employé is to bind himself by a properly executed agreement on entering the service of the institution to contribute and abide by the rules, etc., there seems no objection to the scheme. But the matter will be further examined in Financial department.

I would not give retrospective effect to the scheme.

G. S. F[ORBES]—31-3-06.

To the Financial Department for examination.

H. BRADLEY—2-4-06.

FINANCIAL DEPARTMENT.

The Accountant-General's remarks are contained on page 4 *supra*. As regards his (*a*) it has been decided not to make the scheme retrospective. Educational accept (*b*), (*c*) and (*e*) and as regards (*d*) propose that payments on leave should be in proportion to leave allowance actually drawn. As to (*f*) Educational do not propose to provide for any advances from the savings bank account. In all of these suggestions we may concur.

Note, of 8th March 1906, on page 6.

2. No question of a separate *fund* arises for the arrangement will be as stated in paragraph 4 of the Educational department office-note, dated 23rd March 1906, on page 7.

C. M. SCHMIDT—24-4-06.

There seems no objection to the scheme if the Funds of the Asylum can afford it.

M. HAMMICK—26-4-06.

I would roughly estimate that this scheme will impose a charge of perhaps Rs. 15,000 a year on Asylum funds not now of course but when it comes into working order. I have no idea whether the Asylum funds can bear this charge or not. The scheme is a novel one in a novel form. What is done in the other Asylums in the north in the way of pensions and gratuities? The Chief Secretary's "if" is the pith of the whole matter. Can the Asylum funds afford the scheme? The papers give no information. Please make an estimate.

G. S[TOKES]—27-4-06.

Can Educational frame an estimate?

M. HAMMICK—29-4-06.

EDUCATIONAL DEPARTMENT.

Pages 10 and 11 of G.O., No. 219, Educational, dated 4th April 1905, contain a complete list of the establishments maintained by the Lawrence Asylum at Ootacamund (Male and Female branches). Although the scheme will be extended to native servants, it does not appear that it is intended that cooks, maities, coolies, scavengers, gardeners and other menials should participate in it. If the pay of these servants be excluded the monthly charge on account of the establishments comes to Rupees 3,962½. The monthly contributions by them at 1 anna in the rupee will be Rs. 247$\frac{21}{32}$: this will come to Rs. 2,972$\frac{7}{8}$ per annum or say Rs. 3,000 in round figures. At 3 per cent. (the savings bank interest is 3 per cent. on deposits at call and 3½ per cent. on deposits requiring 6 months' notice of withdrawal (page 146 of the Postal guide) this amount will rise in 15 years to Rupees 55,796·742. (the amount of an annuity of Re. 1 in 15 years at 3 per cent.=Rs. 18·598914.) The Asylum will then become liable for half of this or Rs. 27,898·371.

They should not.
G. S. F[ORBES].

2. That is to say if all the superior servants of the Asylum retire together at the end of 15 years the Asylum will have to find Rs. 27,898, but it will not have to find similarly another Rs. 27,898 for another 15 years. The annual average may therefore be taken at Rs. 1,860, but there will be deaths and resignations for which no allowance is made in these calculations. Some employés may also retire before 15 years, but against these there will be others who may continue for more than 15 years.

It is absurd to make such assumptions.
G. S. F[ORBES].

3. The Male Asylum has never been insolvent and can easily bear an annual charge of between Rs. 1,000 and Rs. 2,000. Its balance at the end of 1903–1904 was Rs 17,187 (page 6 of G.O., No. 219, dated 4th April 1905) and at the end of 1904–1905, Rs. 8,555 (page 22 of the report for 1904–1905). This was considerably reduced in the revised estimate for 1905–1906, but the Principal said in another connection that the actuals were much better. G.O., No. 290, Dducational, dated 24th April 1906.

The Female Asylum has, for some time, been working with deficit balances and can hardly bear any additional charge in the present state of its finances (page 9 of G.O., No. 219, dated 4th April 1905).

P. T. THARYAN—2-5-06.

There seems to be some misapprehension of the nature of the scheme. First and foremost the Asylum does not regularly contribute anything corresponding to the deductions from salary. All it says is this: An employé pays in so much of his salary: *if and when he retires* (at any time after 5 years' service) the Asylum will give him a donation of so many 30ths (one 30th for every year of service up to a maximum of 30) of (the amount paid in *plus* the savings bank interest thereon). This means that there will be no regular charge on Asylum funds. Whether in any given year anything is to be paid by the Asylum depends on whether in that year any one retires. In no other circumstances does the Asylum pay. This being so it seems impossible to say that in such and such a year the Asylum will begin to feel the weight of the charge. This charge can be very heavy only when several servants retire in one year. The greatest contribution which can be paid to one man is about Rs. 11,000, and this is only if he serves 30 years after the introduction of the fund and then retires. I don't think there could possibly be a charge of anything like Rs. 15,000 a year on the Asylum funds. Besides every retired servant gives the Asylum 5 years' time to recruit so far as that appointment is concerned.

This is in effect a regular charge: casualties *must for the purpose of estimates and provision in the budget* be assumed to spread themselves out regularly.
G. S. F[ORBES].

Headmaster on Rs. 300.

2. The office-note above gives a fair average calculation, but even it seems a little high, and it depends on an assumption which is very remotely probable. Besides it assumes that every employé is to retire. It takes into account no deaths or dismissals and so on in which cases the

Asylum would contribute nothing. To get the exact or even an approximately exact estimate of the average annual charge requires an intricate actuarial calculation, but in any case I do not think it could be Rs. 2,000.

	Rs.
Funded capital handed over to the Accountant-General at the time the Military Male Orphan Asylum was amalgamated with the Lawrence Asylum, page 5, paragraph 17 of precis in stock file	4,89,200
Funded capital now with the Accountant-General, page 7 of G.O., 465, 7th July 1905	5,10,100
Difference ..	20,900

At present 40 per cent. of the grant of Rs. 48,000 is credited to the Female Branch and 60 per cent. to the Male Branch—G.O., 447, 2nd August 1902.

3. As to the ability of the Asylum to pay there seems no doubt—at least the Male Branch. It has Rs. 10,000 in the savings bank and over Rs. 20,000 of its funded capital is the result of investments from superfluous balances (page 7 of G.O., No. 465, dated 7th July 1905.) Besides the closing balance ought never to be below 5,000. The Asylum (Male Branch) is therefore perfectly able to meet even the greatest calls.

4. As for the Female Branch the matter is doubtful and unless the ratio of the Government donation to each branch is altered, it seems as if the Female Branch could not conveniently undertake the extra burden.

C. A. SOUTER—4-5-06.

The financial prosperity of the institution depends very largely upon the profits derived from the Lawrence Asylum Press devoted to the Asylum. These have, for both the Madras and Ootacamund Branches, been sufficient to devote the following sums to the Asylum in the past 5 years:—

	Rs.
1899-1900	20,250
1900-1901	21,750
1901-1902	25,000
1902-1903	26,450
1903-1904	27,000
1904-1905	Figure not now available.

It will be observed that these figures show a steady increase.

Or Rs. 600—Rs. 800 or Rs. 850.
G. S. F[ORBES].

2. It might be possible to reduce the pay of the Principal to a progressive pay of Rs. 600-750 when the appointment is next made. The present Principal and Secretary draws Rs. 950 (G.O., No. 219, Educational, dated 4th April 1905).

Then probably no one would join.
G. S. F[ORBES].

3. If the cost be still deemed prohibitive the amount of gratuity to be paid from Asylum funds might be reduced by one-half, *i.e.*, a gratuity of one-sixtieth for each year's service.

H. D. TAYLOR—5-5-06.

I think on the whole the funds of the Asylum would bear the charge: but the Lawrence Asylum Press is not a very strong reed to depend upon.

Of the benefit of the fund to the service of the Asylum there can be no question. But the management of the fund will, I fear, give more trouble than I thought of when I first dealt with the file. Litigation, for instance, is pretty sure to arise to recover gratuities on account say of alleged wrongful dismissal. Nor do I imagine that proposed rule 12, declaring that savings banks deposits are not to be liable to attachment by the Civil Court will hold water in law. Then there would be difficulties as to succession claims?

Perhaps the matter might be again remitted to Accountant-General to say whether he knows of any similar arrangement which is not covered by the Charitable Endowments Act.

G. S. F[ORBES]—7-5-06.

I used the wrong word perhaps when I said "charge" I ought to have said liability. But the office-note shows that the annual liability would be nearly Rs. 30,000, and it is also plain that as much as Rs. 11,000 of this might fall to be paid in one year.

About 2,000 (?)
C. A. SOUTER.

I agree that something of the sort would no doubt add to the quality of the service given to the Asylum, but I have some doubts as to whether this scheme is the best or most suitable which could be adopted, and I think my Honourable Colleague's suggestion to see if a more tried and suitable scheme cannot be discovered should be acted on.

G. S[TOKES]—7-5-06.

Draft.

A. BUTTERWORTH—8-5-06.

The draft memorandum placed below is submitted for approval.

P. T. THARYAN—8-5-06.

Issue.

C. A. SOUTER—9-5-06.

[Memo. No. 217, Educational, dated 5th May 1906]

From the Accountant-General, dated **26th *May*** 1906, *Genl. No. O.A.-25.*

In reply to memorandum No. 217, Educational, dated 9th May 1906, requesting the Accountant-General to state whether he knows of any arrangement similar to that proposed by the Committee of the Lawrence Asylum at Ootacamund for the payment of gratuities to employés of the asylum, in connection with any institution which is not covered by the Charitable Endowments Act, 1890, the Accountant-General says that there is only one instance which he can call to mind, namely, that of the Provident or Retiring fund for the teachers of the Christian College. He has, however, no official information about this fund. He refers also to the Provident fund in connection with the Civil Orphan Asylums mentioned in paragraph 2 of the Principal's letter, No. 1619, dated 2nd October 1905. He has no knowledge of this fund.

2. In the Christian College there are two funds, namely, the Professors' and the Teachers' Retiring funds, but it does not appear that they are similar to the arrangement proposed by the Committee of the Lawrence Asylum. In the case of the Christian College there are regular funds to which the college pays regular contributions. The amounts paid in 1905 were Rs. 2,220 to Professors' retiring fund and Rs. 1,982-11-6 to the Teachers' retiring fund. The total amounts at the credit of these funds at the close of the year were Rs. 1,60,045-1-7 and Rs. 66,600, respectively. In the case of the Lawrence Asylum contributions will be paid from Asylum funds only when employés retire and the subscriptions of the employés will be invested in the Savings Bank in the names of the employés concerned. Should a copy of the rules of the Christian College funds be called for?

Page 30 of the College report for 1905 ~~put up~~.

3. A copy of the rules of the Civil Orphan Asylums' fund may perhaps be called for. In the last report of the Civil Orphan Asylums, page 27, there is no entry against receipts, Teachers' retiring fund, but Rs. 175-6-4 is shown against refunds of Director's contribution to ~~Teachers' retiring fund~~ meaning apparently Teachers' retiring fund.

With G.O., No. 335, Educational, dated 10th May 1906.

P. T. THARYAN—30-5-06.

These rules may be called for.

C. A. SOUTER—30-5-06.

Yes; please get the rules governing the two funds in the Christian College and that in the Civil Orphan Asylums.

A. BUTTERWORTH—3-6-06.

The draft placed below is submitted for approval.

T.K.M.—4-6-06.

P. T. THARYAN—4-6-06.

Issue.

C. A. SOUTER—4-6-06.

Really the Secretary should see that "official memorandum" of this sort are not issued by the office. I never read anything more discourteous. Government can only ask to see the Christian College rules as a matter of pure courtesy and a polite letter ought to have been written to the Bursar giving him some reason, too, for our asking to see them. When the copy is returned with a letter, please see that the Bursar is thanked for his courtesy and explain to him that we wished to see their rules in connection with a proposal to found a Provident fund for the Lawrence Asylum.

G. S. F[ORBES]—26-6-06.

[Memorandum Nos. 250 and 251 to the Bursar of the Madras Christian College and the Director of the *Madras* Civil Orphan Asylums, dated 5th June 1906.]

From the Bursar, Madras Christian College, dated 11th June 1906.

From the Honorary Secretary, Civil Orphan Asylums, dated 4th June 1906.

The rules of the Professors' and Teachers' retiring funds in connection with the Christian College and of the Teachers' retiring fund in connection with the Civil Orphan Asylums have been obtained. In all the three cases there are regular funds.

2. In the case of the Christian College Professors' fund the fund is formed of—

Articles III (1) and IV.

(*a*) Interest on an endowment consisting of a house valued at Rs. 45,000 and of such other sums as may be added to the endowment from time to time and invested in accordance with section 20 of the Indian Trust Act, 1882. The additions will be from surpluses calculated under article VI.

Article III (2).

(*b*) A monthly payment from each professor on the staff of 5 per cent. of his salary up to 30 years.

Article V.

From this fund payments are made on retirement or death according to a fixed scale.

Article 2.

3. In the case of the Christian College Teachers' fund, the fund is formed of—

(*a*) A monthly subscription of one anna in the rupee up to 30 years.

(*b*) A monthly payment by the College Council of a sum equal to that paid by the contributor up to 30 years.

(*c*) A bonus fund consisting of the accumulated interest on a corpus formed of donations and bequests.

From this fund payments are made of—

Articles 6 and 7. (*a*) Contributor's own contribution with interest if he leaves before seven years from any cause or voluntarily retires before he completes 20 years.

Article 8. (*e*) Contributor's own contribution and one-half of College contribution with interest if contributor retires on medical certificate after seven years and before 20 years.

Article 9. (*f*) Contributor's own contribution and College contribution with interest after 20 years.

Article 14. In case of death leaving widow, descendant or parent one-half of the College contribution with interest is payable if service extends to less than 7 years—the whole with interest if service extends to 7 years and more. If no such persons are left bare contribution with interest may be paid.

Article 2. 4. In the case of the Civil Orphan Asylum Teachers' Retiring fund, the fund is formed of—

(*a*) A monthly subscription of one anna in the rupee up to 15 years.

(*b*) A monthly payment by the Directors on behalf of each contributor of a sum equal to one-half that paid by the contributor up to 15 years.

From this fund payments are made of—

Article 7. (*c*) Contributor's own contribution and interest if retirement takes place before 5 years.

Article 8. (*d*) Contributor's own contribution and one-half of the contribution by the Directors with interest if retirement is after 5 but before 10 years.

Article 9. (*e*) Contributor's own contribution and Director's contribution with interest if retirement is after 10 and before 15 years.

(*f*) The accumulated contributions for 15 years (contributors and directors) and interest after 15 years.

In case of death, heir receives whatever contributor would have received if he were alive and had retired.

5. In the case of the Lawrence Asylum at Ootacamund the Committee does not propose to form any fund nor to pay in any *regular* contribution.

P. T. Tharyan—22-6-06.

The main feature of the scheme for the Asylum is that there is no proposal to pay a regular annual or monthly sum into a fund to meet the expenses of the gratuities. In this, the scheme differs fundamentally from other provident schemes. The notes above (please see office-note of 2nd May 1906 and my note of 4th May 1906) show, I submit, that taking an average, the average annual liability of the Asylum would be something about Rs 2,000. What therefore the Asylum proposes to do can be effected only if it opens a sinking fund, or if it can with assurance guarantee an average annual balance of Rs. 2,000. This guarantee however would not be quite safe for in one year the Asylum might have to pay about Rs. 11,000 to one man, and of course it *might* have to pay more if several of its servants retired in the same year. I think I showed that the male branch was quite capable of meeting any calls, but that the female branch could not do so. Perhaps, therefore, on the whole it would be advisable to get the Asylum to work out the average annual liability involved and to submit proposals for sinking a certain amount of its balance as a fund from which to meet these calls.

C. A. Souter—23-6-06.

It is submitted that if the present proposals as to the essential features of the fund are to be accepted, the Lawrence Asylum must form a sinking fund to meet the liabilities which it will incur by way of gratuity, and which may vary largely from year to year.

2. But it would seem better on the whole to start a separate consolidated fund, the Asylum making annual payments to that fund, fixed on a percentage (either one-half or three-quarters) of the amount of subscriptions actually deducted from subscriber's salaries.

A scheme on the lines of the Teachers' Retiring fund, Madras Civil Orphan Asylum, would seem most suited to the finances of the Lawrence Asylum.

H. D. Taylor—25-6-06.

The proposed scheme, as I now understand, is not a provident fund. The scheme indeed in no way depends upon any joint action on the part of the employés. Every employé can be treated as a separate entity. All the Asylum proposes to do is to say to each employé that if he agrees to deposit in the savings bank a certain percentage of his pay, the Asylum will on his retiring from its service in stated circumstances add a certain sum to the man's own deposit and interest.

2. There would be no legal obligation on the Asylum to give these allowances except under such restrictions as it chose to lay down and it would doubtless reserve to itself the full liberty and discretion of deciding whether the added gratuity was earned or not. The mere exaction of a promise from an employé to deposit a percentage of his income to his own credit in the bank would not *in itself* form a legal consideration on which the employé could sue.

3. The object of the scheme being to secure good service no employe would, however, be entertained unless he gave a promise to subscribe, which promise would be made a condition of service. The liability upon the Asylum to give the supplement would arise, independently merely from its reciprocal promise to do so; but as I have said they can be careful as to the conditions upon which this reciprocal promise is made; and if so there does not seem to be much danger of its getting into legal difficulties.

4. The fundamental question remains whether the Asylum can financially give this reciprocal promise. The safest way may be as Mr. Taylor suggests, to have a sinking fund. On the other hand though demands upon the resources of the institution might in any one particular year be very heavy, in succeeding years they would be proportionately light, and if the finances are sufficient to meet the *average* liability, I think it would be unnecessary actually to lock up money and establish a sinking fund. Government might quite safely advance the deficiency of an exceptional year, charging 4 per cent. interest on the deficiency, which would ordinarily be recouped next year.

5. If this suggestion is accepted in Financial Department perhaps they would get the Accountant-General to calculate the *average* annual liability.

G. S. F[ORBES]—26-6-06.
~~H. D. TAYLOR—27-6-06.~~

To the Financial Department.

FINANCIAL DEPARTMENT.

Submitted that before proceeding further, the Educational Department may be requested to have the notes and currents put in type and to furnish this department with proof copies of printed currents and notes.

G.K.—2-7-06.

This would be a great convenience if Educational does not object.

C. M. SCHMIDT—2-7-06.

To the Educational Department.

EDUCATIONAL DEPARTMENT.

Please comply.

H. D. TAYLOR—3-7-06.

~~[G. O., No. , Educational, dated July 1906.]~~

The currents & notes have been printed.

P.T.O.

CHIEF SECRETARIAT
17 JUL 1906
OOTACAMUND.

CURRENT NO.
3150
FINANCIAL

Financial Dept.

With refce to the H.M.'s remark at K supra viz "that Govt might quite safely advance the "deficiency of an exceptional year, ~~charging~~ charging 4 p.c. "interest on the deficiency, which would ordinarily "be recouped next year," it is respectfully submitted that according to art. 283-4 (11) of the C.A. Code "no money may be removed from the public "treasury for investment or deposit elsewhere" without the previous sanction of the Govt of India. It does not also appear to be feasible to bring the advance under the category of Provincial advance and Loan account as the Lawrence Asylum Committee is not a Local authority. ~~Nor can they be classed as landholders or cultivators.~~

The money would not be invested or deposited elsewhere. It would be lent to the Asylum. However Govt can hardly lend to the Asylum any more than it can lend to a private person. I think a fund must be formed by Articles 119, 120 &c of C.A. Code Vol I.

2. It is subd that the best plan appears to be for the Committee to create (as suggested by the Secretary, Educl. Dept.) a sinking fund i.e., to start a separate fund, the Asylum making annual payments to that fund, fixed on a percentage (either one-half or three-fourths) of the amount of subscriptions already deducted from subscribers' salaries — a procedure similar to that in vogue in the case of the Teachers' Retiring fund of the Madras Civil Orphan Asylums and the Teachers' Retiring fund of the Madras Christian College.

Note by the Educl Secy of 25.6.06 on page 11 supra

Paras: 3 & 4 of Educl. office note of 22.6.06 on pp. 10 & 11 supra.

3. The objection to the proposal to constitute a

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A.G.'s note (c) of 23.12.05 on page 4 supra

a separate fund emanated from the Accts fund. It is respectfully subd that it is not clear how the creation of a special fund — if annual payments are made on a fixed percentage (either one-half or three-fourths of the subscriptions so as to allow of non-payments of contributions in the case of death, dismissal, resignation &c of Employés — which will of course be invested just like surpluses in the ordinary revenues of the institution, can be said to result in the unnecessary locking up of funds. It is only part of the surpluses of the General funds that will be so transferred to the Special fund which will be invested also and the creation of a special fund moreover insures the solvency of the Committee to meet the annual payments of gratuity. In the absence of a special fund, the existence of large balances in the General fund will not truly represent the financial condition of the institution inasmuch as the liabilities for the future payment of gratuities are not taken into account. Again, if, after some years working, it be found that the amount contributed to the Special fund is more than the actual requirements of the case, there seems to be no objection to stop making any contributions to the fund for some years or to reduce the annual amount to be contributed.

Is this to the case Cmtr ?

4. For orders whether the file may be

vide para: 5 of Hon'ble Mr. Fobes' note dt. 26.6.06 on page 12 supra — be forwarded u.o. to the Acctt-Genl. for remarks.

Vzlei
23.7.06.

CS

It all depends on the average annual liability & that is what the H.M. wishes to ascertain. It does not matter whether ~~there~~ the provision ~~an efficient fund~~ to meet this average annual liability is represented by the investment of the ordinary funds of the Institution or of a separate & distinct fund. Sub. that the case may be referred to the A.G. ~~with the~~ for his remarks & for calculation of the average annual liability, if possible

Yes
8/7

CWSchmidt
29.7.06

A Fund seems necessary. And to A.G.'s suggestion that Government sh'd lend money to the Asylum when necessary to meet liabilities would probably not be possible. Special sanction to the arrangement by India would probably be necessary & they would hesitate to give it.

I don't see why the Asylum sh'd not contribute annually to form the Fund. If in lapse the Fund after some years was found to be larger than necessary contributions to it would stop — But that

Contingency cannot hardly arise except after the lapse of several years.

32

With books
Fin. Secy.
31/5/06
31.7.6.

To the Ed. Dept.

M. Maxwell
30 vii 6

Resubmitted to the Hon'ble Member

H.W. Taylor
1.8.06.

The first thing I want to ascertain is the value of the liability on the funds of the Asylum. On that depends whether we can support the scheme in any shape. Whether a fund or not is really a matter of detail: apparently as advances cannot under financial rules be made in case of deficiencies in any year of the contributions there shd be a fund. Point the Acct. Genl. shd. advise on the ~~[illegible]~~ questions of amount of liability; adding any remarks on the scheme he can offer

[illegible] 1/8

LOCAL & MUNICIPAL
1 AUG 1906
SECRETARIAT.

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Will the Accountant General please advise as requested by the Hon Member?

H D Taylor
2-8-06

To the A.G. ...

Office of the A.G.

Esl no. 545 D
2-8-06

Desp 21/8/06

ACCOUNTANT GENERAL'S OFFICE
6 AUG 1906
MADRAS

I find it impossible to work out with mathematical accuracy the annual liability on the Lawrence Asylum Funds which the proposed scheme will impose. There are not sufficient data, as to some of the factors a mathematical value cannot be given. But it is possible to arrive at a fair approximation sufficiently accurate to admit of a decision being arrived at.

2. I append a list of the appointments and rates of pay attached to the Lawrence Asylum which I have obtained from the Principal and Secretary, omitting, however, the appointment of Principal and Secretary. The aggregate monthly salaries amount to Rs.2865, and the deductions for the Provident Fund to Rs.179-1-0 or to Rs.2148-12-0 per annum. The maximum liability of the Lawrence Asylum Funds is, therefore, this sum of Rs.2148-12-0 improved at compound interest, While this liability cannot be increased it is liable to decrease from various causes and the difficulty of the calculation consists in giving a value to the causes of decrease. The maximum liability will be incurred only if all employes serve for 30 years, and does not allow for resignations, dismissals, deaths, premature retirement on Medical Certificate, or for service which has not been approved. It is manifest, therefore that the full liability can never be incurred, and the question is what fraction may

be

be considered as a fair average to take in determining the liability of the Asylum. In the Secretariat note the fraction of ½ has been taken which would make the annual liability to the Asylum $1074\text{-}6(\frac{2148\text{-}12}{2})$. This may be considered a low average and that an average of ¾ths would be safer to take, involving a liability of 1611-9-0 a year. If an annual charge to the Asylum of a sum of Rs. 1611-9-0 is made, it is assumed that this sum improved at compound interest of 3½ per cent. will provide the necessary funds wherewith the Asylum will be able to meet any liability for bonuses to their employes at the rates mentioned in the rules. The Savings Bank rate of interest which the employes deductions will receive is only 3 or 3½ per cent., whereas the rate of interest on Government paper which the Asylum contributions will earn is 3½ per cent., and besides this the Savings Bank interest is only payable annually while the interest on Government paper is payable half-yearly. So that in the matter of interest a margin has been allowed.

3. But although the above figures may, I think, be considered as representing the maximum annual liability which the proposed scheme will impose on Asylum Funds for gratuities and pensions it does not represent the additional liability to the Asylum for these purposes. The Chief Secretary in his note of 30th March 1906 drew attention to the fact that pensions and gratuities are at present being paid by the Asylum. These must be taken into account in calculating the net liability which the proposed scheme will involve, for this scheme is intended to replace the previous practice of giving pensions and gratuities. I enclose a copy of a

statement

19

O. F. 188.
750—21-7-05.

U. O.

19 P

statement I have had prepared of the cost of pensions and gratuities during the last 15 years. It will be seen that the amount paid is Rs.15980 or Rs.1065-5-4 per annum. If this figure is taken into account the net liability involved by the new scheme is Rs.1611-9-0 — 1065-5-4 or Rs. ~~m~~546-3-8 per annum only.

4 On a reconsideration of the circumstances of the case I too would recommend the establishment of a special Sinking Fund to meet the payments on account of gratuities. I think it would be a safer plan to charge to Asylum Funds and to set apart ~~annually~~ monthly the amount which represents the Asylum's liability for gratuities instead of following the Government plan of charging off against Revenue the actual gratuities paid in a year. The circumstances of Government and the Asylum are very different. I may also mention that the plan I now propose is that followed in the case of the Local Board Provident Funds. The investments may perhaps be made by the Accountant-General and the invested capital left in his custody with authority to invest the interest as it accrues. It would also be advisable to name the Trustees of the Sinking Fund who may alone operate on the fund.

5. It may perhaps also be considered advisable to make it quite clear that the employes have no claim, right or title to any bonus whatever from the Trustees, and that the giving or withholding of a bonus is a matter which rests entirely with the Trustees.

S. Dobbie
5.9.06.

A. G.

I suggested this in my note of 26/6/06 & the supla: point must be carefully kept in mind

A. G. O. No. 87.
5-9-06

List showing the appointments, names, salaries and the dates of birth of the present Employé's of the Ootacamund Lawrence Asylum.

Appointments.	Names.	Salaries.	Date of birth
Head Master.	Geo. Maddox Esq.	Rs. 300.	6th April 1851.
Second Master.	Mr. J. Closson.	" 150.	25th July 1852.
Third Master and Organist.	" J. Cardis.	" 155.	28th August 1876.
Fourth Master.	" C. Sells.	" 100.	27th October 1866.
Fifth Master.	vacant.	... 85	---
Sixth Master.	Mr. C.R. Coultrup.	Rs. 75.	20th September 1883.
Seventh Mistress.	Mrs. O'Kelly	" 70.	Absent on leave
Eighth Mistress.	Miss. F. Hollingsworth	" 65.	16th August 1876.
Senior Nursery Teacher.	" G. Prince.	" 60.	21st December 1881.
Junior Nursery Teacher.	" M. Abraham.	" 50.	10th December 1874.
Telegraph Instructor.	Mr. D. Brown.	" 100.	14th April 1862.
Drawing Master.	" V.S. Kodange.	" 60.	October 1878.
Typewriting Instructor.	" F.W. Haughton.	" 25.	31st October 1887.
Office Manager.	" T. Burrows.	" 225.	26th June 1841.
Office Assistant.	" A. Nageswarier.	" 45.	March 1878.
Steward.	" T. Curtis.	" 105.	22nd September 1858.
Senior Sergeant.	" W. Light.	" 100.	11th May 1859.
First Junior Sergeant.	" J. Smith.	" 50.	27th April 1865.
Second Junior Sergeant.	" W. Mumford.	" 50.	7th April 1877.
Band Sergeant.	" H. Taylor.	" 85.	10th September 1865.
Gymnastic Instructor Sergeant	" M. Hurst.	" 80.	18th January 1872
Upper School Matron.	Mrs. Perkins.	" 50.	24th February 1859.
Nursery Matron.	Miss. Butters.	" 40.	19th July 1878.
Boys' Hospital Matron.	Mrs. Forkgen.	" 50.	5th May 1868.
Head Mistress.	Miss. Green.	" 175.	24th September 1864
Second Mistress.	Miss. Sprowles.	" 70.	2nd April 1873.
Third Mistress.	Miss. White.	" 60.	2nd February 1879.
Fourth Mistress.	Miss. L. Copcutt.	" 50.	6th September 1876.
Fifth Mistress.	vacant.	" 45.	
Sixth Mistress.	Miss. E. White.	" 40.	12th October 1880.
Seventh Mistress.	Miss. E. Wilde.	" 35.	2nd September 1874.
Eighth Mistress.	Miss. M. Prince.	" 30.	23rd August 1879.
Head Matron.	Mrs. Campbell.	" 50	23rd May 1860.
Second Matron.	Mrs. O'Neill.	" 35.	3rd September 1867.
Third Matron.	Mrs. Carmody	" 35.	23rd May 1879.
Kitchen Matron.	Mrs. Lambert.	" 35.	8th January 1862
Girls' Hospital Matron.	Mrs. Tyler	" 30.	13th December 1855.

22' August 1906.

(True copy)

(Sd.) Geo Maddox
for Principal and Secretary

T. Ramasivayam.
Superintendent
Record Department
Acctt. Genl's. Office Madras.

20

2/13

Statement of Pensions and Gratuities paid by the Lawrence Asylum Lovedale for 15 years from '91 - '92.

Years for which paid	Pension.	Gratuities	Remarks.
91 - 92	600 — —	1700 — —	
		3300 — —	
92 - 93	600 — —	" — —	
93 - 94	600 — —	100 — —	
94 - 95	600 — —	" — —	
95 - 96	600 — —	" — —	
96 - 97	600 — —	" — —	
97 - 98	600 — —	600 — —	
98 - 99	600 — —	" — —	
99 - 00	600 — —	" — —	
00 - 01	600 — —	300 — —	
01 - 02	600 — —	" — —	
02 - 03	600 — —	120 — —	
03 - 04	600 — —	" — —	
04 - 05	500 — —	" — —	
05 - 06	360 — —	1200 — —	
	8660 — —	7320 — —	
			15980 — —

(True Copy)

V. Ramaswamy

Superintendent

Record Department,

Accts: Genl: Office:

Madras

22 P

Re-submitted to the Hon Member

The A.G. estimates the additional liability at R 546:3:8 per annum or say Rs 550 per annum in round figures.

At first these figures are likely to be somewhat disturbed as all the present employes will not apparently contribute to the fund in the first instance, while they will receive gratuities under the old rules.

W Taylor
6-2-06

H.M.

The next question is can the Asylum afford the liability

8/7/5 (Forbes)

The financial question is discussed on pages 8-9 of the notes supra. It appears that the male branch could well bear the charge, but that the ability of the female branch to do so is doubtful, unless the pay of the Principal is reduced

2. Is there not reference to India pending as to certain add[l] grants on account of girls transferred from the M.P.O.A.

W Taylor
8.9.6

238 39

In para. 2 of his note of this date on page 22 the Secretary apparently refers to the reference made to the Govt. of India in letter no 258 dated 16th April 1906. If the request therein contained is granted the Female branch of the Asylum will receive Rs 6,000 ~~in lump~~ per annum in lump in lieu of the grant of Rs 5 per girl per mensem now paid. The strength of the Female branch on the last day of 1905 was 167 – vide Table A on page 9 of the report for that year. This was actually 2 more than the * maximum prescribed – rule 32 on page 32 of the report and para. 3 of the letter above quoted. The application to the Govt. of India will not therefore result in any permanent increase though it will make the income steadier.

Z,

* 65 + 100.

PJ Harrington (Secy) C. Mackay
8/9/6 10.9.06

The A.G. recommends that a <u>sinking fund</u> be formed to meet the payments due from the Lawrence Asylum on a/c of gratuities. He does not however state whether he approves the proposal of the Committee that each employé should have a separate Savings bank account for the amounts deducted from his salary – the book to be kept with the Principal – or whether <u>both</u> deductions from salary, <u>and</u> contributions from the Asylum funds should be kept together in one account and invested in the name of Trustees.

2. The latter question is being dealt with in a separate note.

HM. H. Baylord
11.9.06

On the next vacancy we must reduce the pay of the Principal. We were premature in giving him an enhancement when the Orphans were brought from Madras. Besides his salary pesper the post gives many advantages, house free, a good deal of service, the benefit of cheaper prices in domestic marketing, climate &c. The salary may well be reduced on the next vacancy to the old figure (if not lower).

Hon'ble
Note this
BL
21-9-05

2. It will be best to establish a sinking fund to which the contributions of the Asylum should be placed: this fund to meet the gratuities which the Asylum may pay on the retirement of a servant. Perhaps on the whole it will be better that each contributing servant sh. have a separate savings bank book on his own account, the book to

41 25P

be kept with the Principal who will receive authority from each servant, on entering the Asylum's service, to make the deductions. The liability of the Asylum as contributing to gratuity, & the servant's right to his own ~~contribn~~; deductions will thus be kept more clearly distinct.

G.F. [Fokes]
19/9/

Ha. M. Fokes

HBa
21.9.06

Very well. Let us agree to this scheme as now worked out.

[Fokes]
21.9.06.

Please draft for approval

HB [Taylor]
22.9.06

Note please that the Rules of the M.C.O.A. & the College are to be returned with thanks, ~~and~~ explaining why they were called for.

HB [Taylor]
22.9.06

42 26 P

The drafts placed below are submitted for approval.

2. ~~In Para.~~ 2 (1) ~~it is for~~ has been drafted on the assumption that the Trustees of the Asylum in whose names the securities belonging to the Asylum are now invested will also be the Trustees of the Sinking Fund. Please see however the notes and orders in the linked file.

P.J. Harrigan
3/10/06

Secy. The different orders which are scattered have been carefully checked

C.Mackay
4/10/06

C.Mackay
4/10/06

With reference to paragraph 2 (2), no specific orders have been passed as to whether the Principal's Secretary should be ~~allowed~~ allowed or required to contribute to the fund. I see no objection, and it is not improbable that it may be necessary to appoint a new Principal or a reduced progressive salary ere long.

2. A further question arises under paragraph 1 (4) as to the position of present employés. The maximum gratuity ordinarily ~~at present~~ admissible under CSR is 9 months salary. But under paragraph 1 (4) an employé who has been drawing R100 a month for ~~R~~ 20 years after 10 years additional service would be entitled to receive $R\frac{100 \times 20 \times 12}{16} = R1500$ or 15 months pay as a gratuity for past service up to date of institution of the fund

* The C.S.R. do not apply to this Institution. Gratuities have been given to larger amounts — e.g. 12 months salary. Vide p. 42 of ? 27 June 1901. A.
H.D.L.

7

Should not some limitation, say, a maximum of 6 months salary be imposed in such case as the estimated amount on which gratuity for past service is to be calculated?

3. Nor does it appear how *present* employés can be *compelled* to contribute. Such contribution must apparently be optional in their case. Is any limit of age necessary at which the grant of permission to join the fund should cease?

H. Naylor
8.10.06

H.M.

With reference to the Secretary's remarks at 2 on page 26 supra. it is respectfully submitted that para. 1(4) of the draft summarizes the proposal of the Committee of the Lawrence in regard to gratuities to present employés. This proposal has not been approved by the Govt. The A.G. also was against it – vide para. 6(a) of the A.G.'s note on page 4 supra. & para. 2 of Hon's orders d/ 31-3-06 on page 7. Hence in para. 2(9) of the draft it is stated ~~that~~ retrospective effect will not be given to the scheme. The proposals summarized in para. 1 of the draft are modified in some respects in para. 2. To make the intention clearer the words "and no gratuities will be paid under the scheme for services rendered prior to its coming into force" may perhaps be added. but is this necessary?

P.H.
8/10/06

[signature]

Submitted that it may.

[signature]
H.D. Naylor

May not the draft D.O. in the draft issue at once?

H.B.
9/10

Taken out for despatch
P.H. 9/10/06

44 28P

Secy.

For orders.

Chancellor
8-10-06

The proposed addition may be made. The Expression "retrospective effect will not be given to the scheme" does not entirely define clearly the position of ~~permanent~~ present employés in respect of past service. It might mean merely that contributions will not be accepted with retrospective effect. The amendment will make it clear that past service is not to count for calculation of the gratuity payable

2. But in any case the position of present employés will have to be considered. ~~Are~~ They would, if no Provident Fund were instituted, probably be granted gratuities for long service. If they elect to come under the new Fund, it seem hardly equitable that they sh^d forfeit all past service in calculating the gratuity payable. Such cases would seem to require special cases in each case - and a small additional gratuity payable - not from the sinking fund - but from general revenue, might be given on the merits of each case, in addition to any payment from the sinking fund.

S.T. 11/10 [Forbes]

[up to a maximum of 6 months salary at date of introduction of this scheme]

W Taylor
9.10.06

What is the meaning of para 1 (4) wh. provides that the gratuity is to be calculated on the amt. ~~of~~ wh. wd have been deposited from entry into service and on the amt. actually in the bank ?

E.F. 1/10 [others].

Please see paragraph 12 (2) of the Principal's letter on p. 2 of file. I will state a concrete case of what I understand to be the effect of the proposal.

Take a present employé who has served for 15 years on a salary of say Rs p. per mensem, & who retires after subscribing to the fund for 10 years on a salary of Rs x.

His total service will be 25 years.

His total salary earned during service will be $(15 \times 12)p + (10 \times 12)x$, and the total amount ~~deposited~~ on which the gratuity payable will be calculated will then be $\frac{12}{16}(15p + 10x)$ + interest actually accrued. (180p + 120x)

But the rule does not make it clear whether in such case the gratuity shd be calculated at $\frac{10}{30}$ or $\frac{25}{30}$ of the above sum. Apparently the latter is intended. If so, & if the proposal is accepted, my suggestion at the

~~foot of p. 25 supra~~, in respect of pensions employés who join the fund, ~~will be~~ need not be considered, but it will place those employés in a considerably more advantageous position than they are at present. Paragraph 3 of the draft will then require modification.

The original suggestion of the Committee ~~that~~ was to take it clear whether past service, as well as assumed past contributions, were to be counted for calculation of the gratuity.

W. Taylor
13.10.16

I was prepared to accept the suggestion on p. 25 supra, to which para. 3 of the draft gives effect, except that it makes no reference to any extra gratuity which Govt may give as an act of grace. ~~[illegible]~~ This may be mentioned, I think, in the P.O. by adding to para 3 the two sentences I have inserted in the draft.

My question on 11th inst was a request to be enlightened as to the construction of para 1 (4) which seems unintelligible as it stands. However let it stand as a description of the original

W 318

Proposal.
Draft otherwise approved with some slight modifns.

G. F. [Stokes]
13/10

Hon Mr Stokes

[illegible]

H. (Stokes)
15/10/06.

[illegible]

Is para 3 of the draft intended to overrule para 1.(4)? They seem inconsistent. Apparently 1.(4) is only a proposal but if so it w^d make the case clearer to omit para 1 of the draft altogether.

H. [Stokes]
19/10/06.

Para (1) states the proposals of the L.A. Committee. Paragraph (2) accepts that scheme with certain modifications. Paragraph (4) calls upon the Committee to submit a revised copy of the rules, amended in accordance with the G.O. If paragraph (1) is ~~altered~~ omitted, the entire scheme of the draft will require alteration. Paragraph (4) might be altered ~~so as to~~ as follows "A copy of the rules

48 32 P

as revised with reference to the foregoing remarks is printed as an Appendix to P.b. The Committee will be requested to state whether it accepts the rules as now revised." This will probably save further discussion, and will avoid any ambiguity.

Very well.
[Fowkes]

A D Taylor
20.10.06

To the Hon Mr Fowkes CSI

This is merely the Committee's proposal which is not accepted as the rules as revised by [illegible]
A Taylor
22.10.06

Para 1. (4) says in effect "that present employes will be given a pension on retirement calculated as if they had subscribed to the scheme thro' out their service. Para 3 says "no pension "light be paid under the scheme in respect of "past service prior to its coming into force." If these two dicta are reconcilable well and good. I have no objection to the order.

[Fowkes]
21/10/06.

~~[illegible]~~ Please have a copy of the rules as now revised drawn up & attached to the P.b. as an appendix.

A Taylor
22.10.06

Please see copy of the rules appended to the order.

B[illegible] Harper
25/10/06

~~Secy.~~ [illegible]
28/10/06

19 338

Secy.

I think the illustration of the working out of the gratuity given at page 2 C.F. might be inserted after rule 7. Otherwise I fear the rules may be obscure.

Cmacka
29/10/06

Please add accordingly as a note & example.

Be must be careful, with reference to paragraph 14 not to use the term service, as that might be construed as including total service ~~up~~ including past service up to the date of institution of the scheme. Better use the term "for which he has been a subscriber to the fund". The rules, as finally amended may now go to the Advocate General for remarks as to their legality.

HDL
30/10/06

Please see illustration added to rule 7.

2. With reference to the term "subscriber to the fund" it is respectfully submitted that the fund will be from Asylum contributions. The amounts deducted from Servants' salaries will not form a "fund". It will be deposited in his name in the Savings Bank. Would not the expression "during which deduction has been made from his pay" be better?

perhaps 'Scheme' would do for fund.
Cmacka

3. The file may go to the Advocate General unofficially?

By Lovejoy
30/10/06

34

34 P

desp / 1/11/06

To the The Advocate-General N.O.

[signature]
31.10.06

with memo
2/11/06

Eol no 760D
1.11.06

80 / 2/11/06

(1906) Department

35

51

34a

From

Sutherland Esq^r
Government Solicitor
Madras

To

The Secretary to Government
Educational Depart^t
Madras

No 1024.

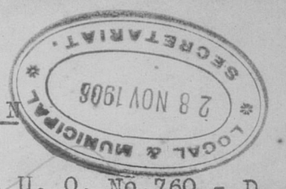
Dated 28 November 1906
Recd

Enclos

Forwarded with enclosures
with reference to the U O
reference of Government
No 760 D. dated 1st Novem-
bers 1906 Educational

Sutherland Esq
Government Solicitor

OPINION



Re Reference of Government U. O. No.760 - D Ednl: 1-11-06.

These are not rules framed under any enactment by an authority authorised to make them. I do not know exactly the legal relation-- which Government occupies towards this institution by virtue of -- which it exercises authority and control over the institution and - appoints trustees for its funds. The proposed Provident Fund is not one to which the Provisions of the Provident Fund Act (IX of 1897) apply, or can be made applicable; and the rules in regard to the sinking fund provide a means for supplementing the Provident Fund. These rules will have a legal operation only as regulating the terms of the contract between the committee of the Asylum and the persons who may be employed by them and this is expressly provided for by the very first rule. The rules seem to be well adopted to carry out this object; and these or such of them as really form part of the contract should be endorsed on the back of the -- agreement obtained from each employe when he is so employed, and incorporated into the contract by reference thereto in the body of the agreement.

2. I have no other remarks to offer.

V. Bhashyam Iyengar,

Ag: Advocate General.

28/11/06.

(True Copy)

Government Solicitor.

No 106 K a/ 26.11.06

37

36 P

D.D.
2160

Have not order issued refer in the Letter ? of the Committee
Shew file. Please not recoup it.
B 24/11/06

Take this after forwarding this letter

Lawrence Asylum,

LOVEDALE, NILGIRI DISTRICT,

21st November 1906.

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FROM

THE PRINCIPAL AND SECRETARY,

LAWRENCE ASYLUM,

LOVEDALE,

To

A. D. Taylor Esq: I.C.S.
Secretary to Govt.,
Educational Depmt.
Madras.

Dear Sir,

May I request that you will be so good as to let me know, when the Committee of this Asylum may expect Orders on the Scheme for paying Gratuities to Asylum employees. The papers connected therewith were forwarded on the 2d October 1905.

I have the honour to be,

Sir,

Your most obedient Servant,

G. Simpson M.G.

Principal and Secretary.

38 54 37 P

Please see pencil addition to para. 2 (3) of the draft, with reference to the concluding portion of the Advocate General's opinion on page 36 supra. If approved it will be inked.

May the orders now issue? General Simpson has asked for orders on the scheme – page 37 supra.

where is the remainder?

[initials]
28/11/06

Secy.

The addition proposed by the Advocate-General may be made to ~~rule~~ para. 2.(3). It is the only point he notices.

[signature]
29-11-06

Yes. The G.O. may now issue.

[signature]
30.11.06

(G.O. No. 778 Edn. of 30-11-06)

Educational Department,

From the Principal & Secretary, Lawrence Asylum, Ootacamund, No.1619, d/2-10-05.
From the --Do.-- , No.3054, d/17-2-06.
From the Accountant General, M a d r a s , No. 25, d/26-5-06.
From the Bursar of the Madras Christian College , d/16-6-06.
From the Honorary Secretary, Civil Orphan Asylums , d/11-6-06.

O R D E R:-- 778 d/30-11-06
P.S.

With his letter No.1619, dated 2nd October 1905, the Principal and Secretary, Lawrence Asylum, Ootacamund, submits for the sanction of Government a scheme for the payment of gratuities to ~~employes~~ persons in his service of the Asylum. The main features of the scheme are as follows:-

(1) Each employé should pay a subscription of one anna in the rupee of his salary, the amount being lodged in his name in the savings bank and the pass book being kept in the custody of the Principal.

(2) On retirement each employé will be given back his savings bank pass book with, if he has served for five years, ~~so~~ many thirtieths of ~~that~~ the total amount ~~according~~ as corresponds with the number of years he has served.

(3) In the event of death or dismissal of the employé the pass book will be returned, in the former case to the nominee of the deceased, but no gratuity will be paid.

(4) In the case of the present employés the pass book will be returned with a gratuity calculated on the amount which would have been deposited from the date of

--Do.--

suggested by the Committee

Para.4 of A.G.'s note d/5-9-06 on page 19 of notes file and para.2 of H.M.'s orders on page 24.

G.O.No.689, Edl., d/22-12-1900.

of the employés joining the service of the Asylum up to the date on which the scheme is started, and on the amount actually in the bank:

(5) a sum of Rs.10,000 to be set apart as a reserve fund for meeting payments on account of gratuities:

(6) the benefit of the scheme to be extended to native servants of the Asylum and the employés of the two presses.

2. The Committee's proposal to introduce a scheme for the payment of gratuities to the employés of the Asylum is approved. The rules ~~framed for the purpose~~ should however be modified with reference to the following remarks.

(1) The mere provision of a reserve fund for the purpose of meeting the payments of gratuities does not appear to be sufficient. For this purpose it is desirable that a sinking fund should be established. This sinking fund will be formed out of a monthly contribution from Asylum funds of an amount equal to three-fourths of the total deductions made from the salaries of the employés. The contributions will be remitted monthly to the Accountant General who will invest them in Government securities. The interest derived from these investments will be similarly invested and the Trustees of the Asylum appointed under rule 62 of the Asylum Rules will alone be authorized to operate

on

41

on the fund. The employés will have no claim, right or title to any bonus whatever from the Trustees and the giving or withholding the whole or any part of a bonus will be a matter resting entirely with the Trustees on the recommendation of the Committee, after taking into consideration whether the service has been wholly or partially approved or not.

Para. 5 of A.G.'s note dated 5-9-06 on page 19 of the notes file & the orders thereon.

(2) The Principal ~~and Secretary~~ will not come under the scheme, and all menial ~~(inferior)~~ servants will be excluded from its operation.

Para. 2 of A.G.'s note on page 17 of the notes file — & marginal note against para. 1 of the office note dated 2-5-06 on page 8.

(3) All other ~~Each of the remaining~~ employés should on entering the service of the Asylum be required to bind themselves ~~by a properly executed agreement~~ to contribute an anna in the rupee of their salary and to abide by the rules for the payment of gratuities from Asylum funds. This should be made a condition of service & such of the rules as form part of the contract should be endorsed on the back of the agreement obtained from each employé when he is employed & incorporated into the contract by reference thereto in the body of the agreement.

Orders dated 31-3-6 on page 7 & paras 2 & 3 of orders dated 26-6-06 on page 12.

Para. 2 of ... note on page 3 of ... file.

(4) The deduction should be made on each whole rupee of the salary. When an employé is on leave the deduction will be made on the leave allowances actually paid to him.

Para. 2(d) of Secretary's note on page 6.

(5) The pass book account should ~~will~~ be in such form ~~of such a nature~~ that it cannot be operated upon except upon the signature of the Principal ~~and Secretary~~.

Para. 1(e) of A.G.'s note on page 4.

(6) The maximum amount of gratuity payable should be the amount at the employé's credit in the pass book. No gratuity will be payable for contributions and interest after 30 years' service.

Para. 2 of Secretary's note dated 8-11-05 on page 3.

Para. 1(b) of ...'s note on page 44 of notes file.

Para. 1 of ... note on page 3.

[illegible] 31-3-06 on page 7.

[illegible] 7-5-06 on page 9.

(7) Retirement in the proposed rules should include only retirement on medical certificate, on superannuation and on abolition of appointment.

(8) The word "nominee" occurring in the proposed rules should be altered into "heir or legal representative of the deceased."

~~(9) Retrospective effect will not be given to the scheme, which will come into force and effect from 1st Jan. 1907.~~ and no gratuities would be paid under the scheme for services rendered prior to its coming into force.

~~(10)~~ (9) The proposed rule that savings bank deposits ~~will~~ shall not ~~will~~ be liable to attachment by the Civil Court should be omitted as ~~it is~~ being ultra vires.

~~5~~ 4. A copy of the rules as revised with reference to the foregoing remarks ~~should be submitted for record in the Government Office.~~ is printed as an appendix to this G.O.

3. The scheme will come into force with effect from 1st Jany 1907. Present employés in superior service will be at liberty to join the Provident Fund ~~scheme~~, but no gratuities will be paid under the scheme ~~for~~ ~~[illegible]~~ in respect of past service prior to its coming into force. It will however be open to Govt. to sanction the ~~enhancement of~~ the gratuity so payable by such addition thereto in respect of past service as they may see fit: but whether any & if so what addl. gratuity should be so granted will be a matter entirely in the discretion of the Govt.

P.J.
3/10/06

[illegible]
4/10/06

[illegible]
6/10/06

The Committee will be requested to state whether it accept the rules as now revised.

To
The Principal and Secretary,
Lawrence Asylum, Ootacamund.

The D.P.I. ✓

The A.G. ✓

Despd
13/12/6

Annexure.

Rules for the payment of gratuities to persons in the service of the Lawrence Asylum at Ootacamund.

Subject to the exceptions specified in rule 12 all persons entering the service of the Lawrence Asylum at Ootacamund shall be required to bind themselvesto contribute one anna in the rupee of salary and to abide by these rules.

2. The contribution shall be levied monthly on each whole rupee of the salary paid and lodged in the name of the servant concerned in the Post office savings bank. When a servant is on leave the contribution shall be made on the leave allowances actually paid to him.

3. The savings bank pass book shall be in the custody of the Principal of the Asylum who shall give a receipt therefor but the pass book account will be in such a form that it cannot be operated upon except upon the signature of the Principal.

4. The names of the contributors and the amounts contributed monthly shall be entered in a register to be specially kept for the purpose under the signature of the Principal.

5. If a servant contributing under these rules dies his pass book shall be

given

given to his heir or legal representative with full liberty to operate upon it. If he is dismissed or if he otherwise leaves the service of the Asylum the pass book will be returned to him with the like liberty to operate upon it.

6. If he has completed five years service and if he retires on medical certificate, or on superannuation or on abolition of appointments gratuity shall be paid to him from Asylum funds.

7. The amount of such gratuity shall be calculated at so many thirtieths of the total amount standing to the credit of the contributors in his pass book as correspond with the number of years ~~he has served~~. during which he has been subscriber to the fund.

Illustration. In the case of a servant in receipt of Rs100 per mensem and from whose pay deductions have been made for a period of 15 years.

Amount in Savings Bank —
Total monthly deductions Rs 1125
Interest up to date X
Total to credit Rs 1125 + X

Gratuity payable on retirement $\frac{15}{30} \times [Rs\,1125 + X]$.
The servant will also receive back his contributions & interest thereon, viz Rs 1125 + X.

8. The maximum amount of gratuity payable shall be the amount at the contributor's credit in the pass book. No gratuity shall be payable on contributions paid and interest accrued after 30 years' from the date of the commencement of deduction from a contributor's pay.

9. To meet the gratuities payable a sinking fund shall be established, formed out of a monthly contribution from Asylum funds of an amount equal to three-fourths of the total contributions from the salaries of the servants. This contribution shall be remitted monthly to the Accountant General to be invested by him in Govt. securities. The interest derived from these investments will be

similarly

similarly invested and the Trustees of the Asylum appointed under rule 62 of the rules of the Lawrence Asylum shall alone be authorized to operate on the fund. The servants of the Asylum contributing under these rules shall have no claim , right or title to any bonus whatever from the Trustees and the giving or withholding the whole or part of a bonus will be a matter resting entirely with the Trustees on the recommendation of the Committee of the Asylum after taking into consideration whether the service has been wholly or partially approved or not.

10 When the pass book is returned to a servant or his heir or legal representative a receipt shall be taken therefor and if any gratuity is payable at the same time a separate receipt shall be obtained for the payment.

11 When the deposits in the saving bank exceed the amount admissible under the savings bank rules, the amount shall be withdrawn and placed in the depositor's name under the same conditions as in rule 3 in the saving bank of the Bank of Madras.

12 The Principal of the Asylum will not be brought under these rules and all menial servants will be excluded from their operation.

13 The benefit of the rules may be extended to the servants of the Lawrence Asylum Press at Madras and its branch

Press

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Press at Ootacamund of which the Committee of the Lawrence Asylum are the Trustees.

14 These rules shall come into force with effect from 1st January 1907. Persons now in the service of the Asylum shall be at liberty to bring themselves under their operation but in their case no gratuities shall be payable in respect of service prior to the ~~~~ coming into force of the rules. It will, however, be open to Govt. to sanction the enhancement of the gratuity payable ~~~~~~~~ under these rules by such addition thereto in respect of past service as they may see fit but whether any and if so what additional gratuity shall be so granted shall be a matter entirely in the discretion of Government.

PH 25/10/6

Clm 28/6/06

Secy