Govt. of [illegible] Indies.

Financial
Pub. Works Dept.

Dated 6th Nov. 25

Read

6. G. 25 Oct. 1871. No. 606

Nos. 123. 125.

Convey. Copy of a letter from the Govt. of the Indies to that of Bengal on the subject of granting pensions to Members of Establishments paid from Local funds.

1. Number of pages.
2. Date of repair.
3. Initials of Repairer.

M.R.O. 1—32,400—28-11-30.

MADRAS RECORD OFFICE.

Government of Madras.

[illegible] DEPARTMENT.

G.O. No.	Press Mis.
123-125	/
Dated 25 10	1871

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Not to be folded or roughly handled

No. 123. Read the following letter from the Under Secretary to the Government of India, Financial Department, to the Secretary to the Government of Bengal, dated Simla, 31st August 1871, No. 3177:—

I am directed to acknowledge receipt of your No. 747, dated 25th February 1871, on the subject of granting pensions to members of establishments paid from Local Funds, in which it is represented that many difficulties lie in the way of carrying out the views of the Government of India.

2. In the first place, I am to point out that the Government of Bengal have given to the Resolution of April 24th, 1868, No. 2197, a wider application than was intended. It was explained in the letters of this Department, No. 1841, dated 19th August 1868, and No. 3252, dated 30th November 1868, that the object of the Resolution of April 1868 was not to create a *right* to pension on the part of employés under Local Funds, but only to authorize the Local Governments to grant pensionary allowances to such officers if they thought fit. It would be entirely at the option of the Lieutenant-Governor to lay down such a rule as that contemplated in paragraph 4 of your letter under reply; and the embarrassment anticipated in paragraph 5 would also be avoided by abstaining from making any promise of pension to servants paid from insolvent funds.

3. In another respect, also, the papers submitted with the letter under reply show a more liberal interpretation of the rule than was intended. It is found, for example, that Municipal Funds are included in the list of those coming within its scope; whereas such funds do not satisfy the conditions expressed in paragraph 4 of the Resolution of April 24th, 1868, for they are not, as to the source of their income, under the control of Government. In respect to the Pound Fund and the Chowkeydary Fund, it is doubtful whether, as the law at present stands, pensions can be awarded from them.

4. The references made in your letter to a proposed formation of a Pension Fund by deduction from salaries, probably arise from the orders of this Department, No. 940, dated 16th June 1870, which contained, as models, certain rules proposed by the Government of Bombay for the constitution of an Educational Pension Fund there.

5. The Government of India, on a re-consideration of the whole subject, is disposed to withdraw the approval which it then expressed of the scheme set forth in these rules. There is an almost entire absence of data on which to estimate the amount of deduction, which would be necessary to render such a fund solvent, and such calculation, as can be made, renders it extremely doubtful whether five per cent. is nearly enough to cover the contingent charge; and it is, of course, out of the question to guarantee from imperial revenues, the solvency of any such fund. A Pension Fund formed by deduction from salary is, perhaps, objectionable also on another ground, viz., that it to a certain extent unnecessarily fetters the hands of the employer.

6. In the case, therefore, of Local Funds which will, beyond a doubt, be able, without embarrassment, to meet the pensionary claims of employés, it seems to the Government of India that it would be best, should the Local Government think proper to grant to the employés a right to pension, to leave the pensionary claims to be met when they arise. And in Local Funds, regarding whose position there