

GOVERNMENT OF MADRAS.

PUBLIC DEPARTMENT.

READ—the following paper :—

Extract from the Proceedings of the Government of India, in the Home Department (Public), under date Calcutta, 16th March 1888, No. 637—22-638.

Read—

Home Department Circular letter, No. 4952—4960, dated 28th October 1869, requesting that, if orders had not already been issued prohibiting uncovenanted as well as covenanted servants of Government from borrowing money from Native residents in their districts, they should be promulgated.

Read—

Home Department Circular letter, No. 51—2361-68, dated 14th October 1887, to Local Governments and Administrations except Bengal and the North-Western Provinces, enquiring whether any orders had been issued prohibiting the borrowing of money by Covenanted Civil Servants from persons residing, possessing property, or carrying on business within the districts to which such Civil Servants may be appointed.

Read—also the following letters :—

From the Government of Madras, No. 1540, dated the 17th November 1887, and enclosures.

From the Government of Bombay, No. 3901, dated 26th December 1887, and enclosure.

From the Government of the Punjab, No. 1929, dated 15th November 1887.

From the Chief Commissioner, Central Provinces, No. 5453—299, dated 1st November 1887, and enclosures.

From the Chief Commissioner of Burma, No. 409—333 N., dated 18th November 1887.

From the Chief Commissioner of Assam, No. 6540, dated 2nd November 1887.

From the Chief Commissioner of Coorg, No. 2070—2247, dated 7th November 1887.

From the Resident at Hyderabad, No. 481 G., dated 22nd November 1887, and enclosures.

Resolution—

From the replies to Home Department Circular of the 14th October 1887, it appears that there are no uniform executive orders on the subject of the pecuniary relations of Government officers with persons who are subject to their authority, and as the Regulation VII of 1823 applies only to Covenanted Civil Servants and only to such officers when serving in certain portions of the Bengal Presidency, the Governor-General in Council considers it desirable that definite instructions should now issue with the object of making the liability in this matter of all officers holding civil appointments the same throughout India. The Governor-General in Council is accordingly pleased to direct that the following rules shall be strictly observed in future :—

- (1) All Covenanted Civil Servants, Statutory Civilians, Uncovenanted Officers who hold gazetted appointments and Military Officers in civil employ are prohibited under pain of dismissal from taking loans from, or otherwise placing themselves under pecuniary obligations to, persons subject to the official authority or influence of such Government officers, or residing, possessing property, or carrying on business within the local limits for which such Government officers are appointed.
- (2) This prohibition does not extend to transactions in the ordinary course of business with Joint Stock Banks and British firms.

Order—

Ordered that a copy of this Resolution be forwarded to Local Governments and Administrations for information and guidance, and that a copy be forwarded to all Departments of the Government of India for information.

(True Extract.)

(Signed) W. M. YOUNG,
Offg. Secy. to the Govt. of India.

To the Government of Madras.

ORDER—dated 7th April 1888, No. 375, Public.

Ordered to be communicated to the Departments of the Secretariat and to all Heads of Departments, and to be published in the *Fort St. George Gazette*.

(True Extract.)

H. E. STOKES,
Chief Secretary.

To the Departments of the Secretariat,
„ all Heads of Departments.

No 1296 W. of 2nd May 1888

Govt. of 1888 Madras.

PUBLIC.

Communicated to
Officers of the P.W. Dept.
for information and
guidance.

1st of 1888
W.

Issued

Recd.

Encl.

G.O., 7th April 1888, No. 375.

No 1296 W. of 2nd May 1888

APRIL.

Ch. Engr for Genl
Consy Engr for Rys
Suply Engrs
Excr. S.W. Accts
Consy. Accts to Govt
Excr. Ry. Accounts

Public Servants.

Communicating to departments and officers
concerned Government of India rules on the subject
of the pecuniary relations of Government officers
with persons subject to their authority or influence.

With orders

P.M.C. No. 3767

Gobt. of 1888 Madras.

PUBLIC.

No. 1296 W. of 2-5-1888

Communicated to
officers of the P.W. Dept
for information and
guidance.

W.M.
24.4.88

Done
25/4/88

Issued

Recd. 23.4.88 Encl.

G.O., 7th April 1888, No. 375.

No. 1296 W. of 2-5-1888

APRIL.

28/4/88

- to Mr. Ch. G. for S.
- Comr. S. for S.
- Supy. Engrs.
- C.A. & for
- Engr. M. S.
- Engr. P. S.

received to 25/4

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3/5
2/11/5

Public Servants.

Communicating to departments and officers
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W. H. M. S.

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Offg. Secy. to the Govt. of India.

To the Government of Madras

ORDER—dated 7th April 1888, No. 375, Public.

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(True Extract.)

W. M. Young

Under Secy. P. W. D.
for Chief Secretary.

To the Departments of the Secretariat,
„ all Heads of Departments.

PWC No 3767
Govt. of 1888 Madras.

PUBLIC.

No 1496 W. of 2-5-1888

Communicated to
Officers of the P.W. Dept
for information and
guidance.

WCM
24.4.88

JCC
25/4/88

Issued

Recd. 23.4.88 Encl.

G.O., 7th April 1888, No. 375.

No 1296 W. of 2-5-1888

APRIL.

Public Servants.

Communicating to departments and officers
concerned Government of India rules on the subject
of the pecuniary relations of Government officers
with persons subject to their authority or influence.

with order

No 1496 W. of 26th June 1885

Communicated to
Officers of the P.W. Dept,
with reference to G.O. No.
3359 W. of 19th December
1882, and in continuation
of G.O. No. 591 W. of 12th
March 1885.

/s/ J.S.
W.

GOVERNMENT OF INDIA.
PUBLIC WORKS DEPARTMENT.

GENERAL.

To

Circular No. 7 P.W.

Dated May 26, 1885.

Received

No 1496 W. of 26th June 1885

Rules regarding connection of public servants
in India with land-holding and commercial specu-
lations.

With order

[For General Distribution.]

Circular No. 7 P.W.

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

GENERAL.

Simla, May 26th, 1885.

The Governments of Madras, Bombay, Bengal, North-Western Provinces and Oudh, and Punjab, in the Public Works Department.
The Chief Commissioners, Central Provinces, British Burma, Assam, and Coorg.
The Resident, Hyderabad.
The Agents to the Governor General for Central India, Rajputana, and Biluchistan.
The Accountant General, Public Works Department.
The Inspector General of Military Works.
The Director General of Railways.
The Consulting Engineers to the Government of India for Guaranteed Railways, Calcutta, Lahore and Lucknow.
The Director General of Telegraphs in India.
The Director-in-Chief, Indo-European Telegraph.
The Director, Persian Telegraph.
The Director, Persian Gulf Telegraph.
The Superintendent of Works, Simla Imperial Circle.

The following is forwarded to the Local Governments, Administrations and Officers marginally noted for information and guidance, in continuation of Public Works Department Circular No. 3P.W., dated 15th March 1884.

By order,

A. B. SAMPSON,

Under Secretary to the Govt. of India.

No. 797-21-806, dated Simla, 13th May 1885.

From—The Secretary to the Government of India, Home Department,
To—All Local Governments and Administrations.

In the course of correspondence with a Local Government, it has been brought to the notice of the Government of India that some misapprehension exists as to the precise scope and proper interpretation of the standing orders which regulate the connection of public servants with land-holding and commercial speculations in India. The Governor General in Council accordingly considers it desirable, in continuation of Home Department Resolution Nos. 5—224-246, dated 20th February 1884, to frame, for facility of reference on the part of Local Governments and Administrations and Officers serving under them, a brief summary of the existing rules, and of the more important interpretations which have been placed upon certain of them by the Government of India with the approval of Her Majesty's Secretary of State.

2. Covenanted civil servants, military officers in civil employ, and all persons holding civil offices ordinarily held by covenanted or commissioned officers of the two classes above mentioned, are

Acquisition and possession of landed property intended to be applied to agricultural purposes.

* To Secretary of State, No. 40, dated 16th June 1873; from Secretary of State, No. 99, dated 26th August 1873 (embodied in Home Department Resolution No. 13-467, dated 13th February 1874).

This prohibition does not extend to land occupied merely by buildings for residence and their usual appurtenances.

3. Natives of India appointed under the Statutory Rules are permitted to hold any lands actually in their possession when they enter the service of

Government, or which may come into their possession thereafter by inheritance, gift* or devise, provided that full information in respect of such lands is given to the Local Government, which will consider in each case whether the fact of an officer holding any particular lands need be a bar to his employment in the district where these are situated. No fresh purchase of land is, however, allowed on the part of a Statutory civil servant without the previous sanction of the Local Government under which he is serving.†

4. Uncovenanted officers exercising independent judicial or revenue functions, whether of European, Eurasian or Native descent, are not debarred from acquiring or possessing landed property in British India for agricultural purposes, provided that they must not hold landed property in the districts in which they are employed. Although uncovenanted officers are not precluded from holding land, it is inexpedient that appointments which necessarily confer a considerable amount of power and influence on their occupants, such as those of Munsif, Deputy Collector, and Tehsildar, should be filled by persons holding landed property within their jurisdiction.‡

5. Officers of all classes (including candidates for office) must be required to make a declaration of the fact of their being in possession of, or of their having acquired, landed property, stating the district within which it is situated, with such other particulars as may be considered necessary, of which registers should be kept by the Local Governments concerned.§

6. It is incumbent on the several Local Governments to take care that no officer who may be in possession of landed property in British India or elsewhere, to whatever branch of the service he may belong, shall apply any portion of the time and attention which ought to be devoted to his public duties, whether civil or military, to the management of that property, and that longer or more frequent leaves of absence are not permitted on that account.||

7. Civil servants and military officers in the actual service of the Crown in India are prohibited from holding lands in a Native State for any purpose whatever. This prohibition does not extend to land occupied merely by buildings for residence and their usual appurtenances.

8. With regard to investments other than those in land for the profits of cultivation, officers of every rank and class in the public service are expected to abstain from any investment (though of itself unobjectionable) which interests them privately in affairs or undertakings of the kind with which their public duty is connected.¶ Subject to this general proviso, there is no objection to Government** servants holding shares in mining or other companies (including agricultural companies) having for their object the development of the resources of the country, provided that they must not take part in the management of any such company, and that they must not be employed in the districts where the operations†† of the company with which they may be connected are carried on.‡‡ This latter prohibition must be held to apply sometimes with less, sometimes with greater, force to certain officers connected with the central administration, such as Members of the Local Government, Members of the Board of Revenue and their Secretaries; and to indicate the necessity of great circumspection on the part of such

* *I.e., bonâ fide* gifts from relatives or near friends.

† Home Department Resolution Nos. 11—426-37, dated 17th March 1882; and Circular letter Nos. 26—1095-1104, dated 21st July 1882.

‡ Despatch from Secretary of State, No. 22, dated 10th August 1861.

§ Despatch from Secretary of State, No. 22, dated 10th August 1861.

|| *Idem.*

¶ Paragraph 6 of Despatch from the Government of India to Secretary of State, No. 40, dated 16th June 1873; Despatch from Secretary of State, No. 99, dated 26th August 1873; and Home Department Resolution No. 13-467, dated 13th February 1874.

** The Secretary of State has held (a) that the standing orders as to the connection of Government officers with trading companies apply only to gazetted officers of the Covenanted and Uncovenanted Services, and do not apply in the case of clerks and other ministerial officers in Government employ, with regard to whom the supervision of heads of departments should suffice as a check.

†† *N.B.*—The right of officers, civil and military, to hold shares in agricultural companies operating in Native States, is regulated by the same rules as apply to their holding shares in similar companies within British territory.

‡‡ Despatch from Secretary of State, No. 22, dated the 25th November 1862, paragraph 5.

§§ Despatch from Secretary of State, No. 46, dated 31st May 1862.

officers as to the undertakings with which they become connected in any part of the province in which they are employed.*

9. In the matter of taking part in the management of a company, it has been decided† that the prohibition was not intended to apply to the participation of Government officers in the direction of those companies only which are designed to develop the resources of the country, but also to preclude such officers from taking part in the direction of such institutions as banks.‡ It has also been held that the prohibition against officers taking part in the management of a company applies§ to public servants on leave equally with those in active service, but that it does not extend|| to officers who, with the consent of the Government of India, take service under Railway Companies working under concessions from Government, nor does it apply to the management¶ of associations which are established *bonâ fide* for the purpose of mutual supply and not of trade and trade profit (provided in this latter case that the interests of Government do not suffer by the double employment of the officer concerned). Although the prohibition against taking part in the "management" of a company cannot, taken literally, be held to debar an officer from taking part as a promoter or as one of the applicants for registration in the Memorandum of Association, the Governor General in Council has held that the danger against which the prohibition was aimed, namely, that of official influence being abused or official trust betrayed, is, under such circumstances, not much less than if the officer took part in the management after the company has been started. Government servants are therefore distinctly forbidden to take any part in the promotion or registration of companies.

10. It is a standing order that servants of Government are required to abstain from speculative investments, but no literal definition has been laid down as to the stage at which, or circumstances under which, the holding of land or other valuable property becomes speculative. It is obviously speculative to secure a grant of land supposed to be auriferous with the object of disposing of it hereafter to companies. Habitual speculation by officials has been always held to be an evil; and the Government has reserved** to itself full power to deal stringently with the practice whenever it appears to prevail. The general distinction which exists between permanent and speculative investments is sufficiently described in the extract given in the margin†† from Home Department letter to the Government of Bengal, No. 1495, dated 10th April 1873.

† Despatch from Secretary of State, No. 73, dated 19th July 1883, paragraph 4.

‡ Paragraph 4 of Despatch from Secretary of State, No. 73, dated the 19th July 1883.

§ From Secretary of State, No. 99, dated 7th September 1882.

|| Resolution of the Public Works Department, Nos. 1650-1672G., dated 14th December 1882.

¶ Despatch from Secretary of State, No. 73, dated 19th July 1883.

** Para. 7 of Despatch to Secretary of State, No. 40, dated 16th June 1873.

†† Despatch from Secretary of State, No. 99, dated 26th August 1873.

‡‡ The Government of India consider that there exists an essential difference between permanent and speculative investments; that the distinction is one of motive, and that the frequency of a man's purchases and sales may be, and usually is, very good evidence of his motive in effecting them. If an officer habitually buys and sells securities of a value notoriously fluctuating, it is clear that he is addicted to speculation, and he thereby undoubtedly lays himself open to the disapproval of Government, which can be expressed in various ways, and in a degree proportionate to the nature of the dereliction. If he engages in such pursuits to an extent which attracts public notice and unfavourable remark, so that his integrity or his application to his public duties is discussed and doubted, then he has given rise to a scandal with which the Government will have to deal.

11. The foregoing paragraphs contain a brief summary of the more important orders which have been issued from time to time on the subjects under notice, and the Governor General in Council trusts that they will serve as a useful guide to Local Governments and Administrations and to Officers serving under them. It should, however, be understood that this summary merely embraces the more important orders, and does not profess to be exhaustive.

No. 810.

Copy forwarded to the Public Works Department.