P. W. D

G.O. NO. 2253 W dt. 13.9.1893.

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GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

READ—the following paper:—

Resolution of the Government of India, in the Finance and Commerce Department (Accounts and Finance—Rates of Exchange), dated Simla, the 18th August 1893, No. 3624–A.

During the past year-and-a-half numerous representations have reached the Government of India from European officers in Government service, bringing to notice the hardship which they have undergone in consequence of the fall in the rate of exchange and praying for the adoption of measures of relief. The facts which came to the knowledge of the Government of India left no doubt that the distress from which their servants were suffering was widespread and severe, and His Excellency the Governor-General in Council has lost no opportunity of expressing his sympathy with those who have been affected, and of urging upon the Secretary of State the necessity of applying an early and adequate remedy. It was not, however, found possible to deal with the matter while measures regarding the reform of the currency were still under consideration. His Excellency the Governor-General in Council is now able to announce that the Secretary of State has been pleased to accord his sanction to the following scheme:—

To every European and Eurasian officer of Government, Civil or Military, not domiciled in India (except those whose pay is fixed in sterling and converted into rupees annually at the official adjusting rate) will be granted an allowance, to be designated Exchange Compensation Allowance, sufficient to enable each officer to remit to Europe one-half his salary, subject to a maximum limit of £1,000 a year, at a privileged rate. The privileged rate has been fixed until further orders at 1*s.* 6*d.* the rupee. The allowance, which will be admissible whether any remittance is actually made to Europe or not, will be given in the form of a percentage on the officer's salary, varying with the rate of exchange assumed as the market rate for the quarter, and calculated to yield an amount equal to the difference between one-half salary converted at 1*s.* 6*d.* and one-half salary converted at the average market rate. The allowance will be payable month by month along with pay, and under the rules under which pay is drawn; and will be subject in every case to an annual maximum equal to the difference between £1,000 converted at 1*s.* 6*d.* and the same sum converted at the average market rate.

2. Rules have been framed prescribing the manner in which the percentage for each quarter shall be calculated and defining the conditions under which the allowance may be drawn, and these are published herewith for general information. The Secretary of State has been pleased to authorize effect being given to the rules from the beginning of the current official year 1893–94, and the allowance will accordingly be granted in respect of all payments of salary which became payable on or after the 1st April 1893. For the first quarter of the present official year, April to June, the percentage has been fixed at 10·81, corresponding to an exchange of 1*s.* 2$\frac{1}{4}$*d.* to the rupee, this being the actual average rate during that quarter. For the second quarter, July to September 1893, the percentage has been fixed at 7·6, corresponding to an exchange of 1*s.* 3$\frac{5}{8}$*d.*, that being the actual average market rate from 1st July to the date of the Secretary of State's sanction to the scheme now announced. For future quarters the percentage will be fixed in the manner prescribed in the rules.

3. From the date when these rules come into force, the present system under which family remittances are made through the Government account by military officers and some others will cease, except in cases where this course is inconsistent with the terms of any contract of service. In the case of officers who have made family remittances since the 1st April last, an adjustment will be made when paying them their arrears of exchange compensation allowance. Officers who have made family remittances since 1st April last should refer to their Account Officer before presenting for payment their bills for the arrears from 1st April of the exchange compensation allowances now sanctioned.

4. The Secretary of State has further been pleased to sanction the payment of furlough allowances from the Home Treasury at the same privileged rate of 1*s.* 6*d.* to the rupee. This concession also will take effect from the 1st April last in lieu of the special rate of 1*s.* 4¾*d.* provisionally sanctioned in the Notification in this department, No. 823-A., dated the 27th February 1893, published in the *Gazette of India* of the 4th March 1893.

Order—

Ordered, that the Resolution be communicated to the several Departments of the Government of India; to all Local Governments and Administrations; to all Heads of Departments subordinate to the Finance Department; to the Comptroller and Auditor General; and to all Accountants-General and Comptrollers.

Ordered also, that the Resolution be published in the *Gazette of India*.

(Signed) E. N. BAKER,
Dy. Secy. to the Govt. of India.

ENCLOSURE.

Rules referred to in paragraph 2 of Finance Department Resolution, No. 3624-A, of 18th August 1893.

EXCHANGE COMPENSATION ALLOWANCE.

1. The allowance admissible under these rules is called Exchange Compensation Allowance. It is granted to European and Eurasian officers of Government not domiciled in India to compensate them for the extra cost of remittance to Europe occasioned by the fall of the value of the rupee below 1*s.* 6*d.*, which is herein called the "privileged rate."

2. The allowance is granted with the view of enabling every European or Eurasian officer of Government not domiciled in India to remit to Europe half his salary at the privileged rate, subject to a maximum limit of £1,000 a year.

3. In case of doubt the Local Government will decide whether any officer is domiciled in India or not so domiciled for the purposes of these rules. But any European or Eurasian officer to whom the rules in Chapter XIII of the Civil Service Regulations apply may be assumed without further proof to be entitled to the allowance admissible under these rules.

4. The allowance is not admissible to any officer whose pay is fixed in sterling and is converted into rupees at the rate of exchange fixed annually for the adjustment of transactions between England and India.

5. The allowance is granted irrespective of whether any remittance is actually made or not.

6. Officers will be enabled to remit half-salary at the privileged rate if they receive a percentage on half-salary equal to the proportion by which the privileged rate exceeds the market rate of remittance, or half that percentage on the full salary. The allowance is accordingly given in the form of a percentage on the full salary drawn limited to the amount which would be admissible on a remittance of £1,000.

7. The percentage will be calculated for each quarter with reference to the difference between the privileged rate and the rate fixed as the approximate market rate applicable to the quarter—see rule 8. Thus, if the market rate of exchange applicable to any quarter is 1*s.* 4*d.*,

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the difference between this and the privileged rate is equivalent to a percentage of 12½ on that market rate, and the difference between the cost of remitting £1,000 at 1*s.* 6*d.* (Rs. 13,333⅓) and at 1*s.* 4*d.* (Rs. 15,000) is Rs. 1,666⅔. The allowance payable during the quarter would therefore be granted at 6¼ per cent. on the full salary limited to the maximum of Rs. 1,666–10–8.

8. The market rate applicable to any quarter will be approximately the average of the Calcutta demand rate during the preceding quarter, and will be calculated and notified by the Comptroller-General before the beginning of the quarter.

9. The market rate fixed for any quarter will be applicable to all payments of salary falling due during that quarter. Thus, the rate fixed for the quarter July to September will apply to salary payable between the 1st July and 30th September,—*i.e.*, ordinarily to the salary for the months of June, July and August.

10. For the purpose of illustration, a table is appended showing the percentage admissible on full salary and the maximum allowance admissible at the rates which have been fixed as the market rates for the quarters April to June 1893 and July to September 1893, and at some other rates above and below 1*s.* 4*d.*

11. In the case of officers whose emoluments are regulated by the Civil Service Regulations, the allowance is admissible only on "Salary" as defined in Article 47, Civil Service Regulations. In the case of officers whose emoluments are regulated by the Army Regulations, India, it is admissible only on Pay, Indian Allowances, and Staff Pay.

12. The allowance may be drawn regularly with pay in the manner and under the rules under which pay is drawn; and will be charged to the same head as pay, but under a separate detailed head.

Table of Percentage on Salary admissible as Exchange Compensation Allowance.

Average market rate.	Percentage admissible.	Maximum Allowance. Yearly.	Maximum Allowance. Monthly.
		Rs. A. P.	Rs. A. P.
s. *d.*			
1 4½	5·38	1,435 14 4	119 10 6
1 4¾	5·81	1,550 6 2	129 3 2
1 4	6·25	1,666 10 8	138 14 3
1 3¾	6·69	1,784 12 5	148 11 8
1 3½	7·6	2,026 10 8	168 14 3
1 2½	10·81	2,882 14 1	249 3 10

ORDER—dated 30th August 1893, No. 845, Financial.

Communicated to the Departments of the Secretariat and to all Heads of Departments under the Chief Secretary.

2. The notification will be republished in three successive issues of the *Fort St. George Gazette*.

(True Extract.)

Chief Secretary.

To Departments of Secretariat.
„ all Heads of Departments.
Gazette.

Exd. A. Raitt.

P. W. CURRENT No. 7674

Govt. of {1893} Madras.

FINANCIAL.

No 2353 W/93 13 September 1893

Communicated to Officers of the P. W. D.

Issued 20.9.93

Recd. 7.9.93 Encl.

G.O., 30th August 1893, No. 845.

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Exchange Compensation Allowance.

Communicating to all Departments of the Secretariat and to all Heads of Departments under the Chief Secretary Resolution of the Government of India regarding the — to European and Eurasian officers not domiciled in India, and directing its republication in the *Fort St. George Gazette.*