GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read the following papers:—

From the Consulting Engineer for Railways, dated Madras, 21st May 1890, No. 364.

From the Agent and Manager, Madras Railway Company, to the Consulting Engineer for Railways, dated Madras, 12th March 1890, No. 283.

I have the honor to submit, for the consideration of Government, copy of a letter addressed to me by the Board of Directors on the subject of the establishment, for the benefit of the officers and servants of this Company, of a Provident or Superannuation Fund based on the rules of the State Railways Provident Fund.

2. The want of such a provision against retirement, by reason of sickness or old age after long service, is felt by the staff to be a great and unmerited hardship, especially when their position is contrasted with that of their more fortunate brethren in State employ and also on some other guaranteed lines which, like the Madras Railway, are not yet in a position to yield large dividends, and it is earnestly hoped, notwithstanding the want of success which has attended the proposals which have been hitherto made, that Government may now be prepared to adopt a more favorable view of their case.

ENCLOSURES.

Memorandum respecting the Voluntary Provident Fund of the Officers of the Madras Railway.

The Board are aware that, in the beginning of last year, I suggested to our Agent and Manager in Madras the establishment of a Voluntary Provident Fund for the benefit of our employés in India.

2. The project was cordially and unanimously adopted at an Officers' meeting in April 1885, and a Working Committee was appointed, consisting of the Chief Engineer, the Traffic Manager, and the Chief Accountant. I append to this memorandum a copy of their printed report, together with the rules which were passed at the time and have now been in operation for the period of one year.

Dated 19th May 1885.

3. In view of the very decided refusal of the Secretary of State to grant any contribution on the part of Government to a Provident Fund of a Guaranteed Railway, except on conditions which are felt to be impracticable, the present proposal has taken the form of an unaided Voluntary Fund, supported entirely by the subscriptions of the members.

4. The rate of subscription is one anna in the rupee, or $6\frac{1}{4}$ per cent. of an officer's salary, with the option of a further contribution if so desired.

5. The results of a half-year's working of the scheme are given in the papers received from India a mail or two back. From this small beginning material benefit will no doubt eventually accrue to the younger officers; but without some substantial assistance from the Company, by permission of the Government, few, if any, of our officers can hope that the fund

Report, dated 18th January 1886, and Return of subscription, dated 31st March 1886.

will provide even a decent income on retirement. I think the time has now come when we are bound to submit the report of the committee of our officers for the favorable consideration of the Secretary of State, and to urge upon him very strongly the justice of recognising the claim of our officers to share in the benefits which are allowed to the employés of the State lines of Railway.

6. The recorded decision of the Secretary of State, contained in a despatch to the Governor-General in Council, dated 10th June 1880, runs as follows:—

"The so-called State Railway Savings Banks, however, in their objects and in most other essential respects, hardly differ from the Provident Funds which have been established on some of the Guaranteed Railways, and it would have been well that they should have received the same name, for then I think an important principle which had previously been rigidly insisted upon in regard to Guaranteed Railway Provident Funds would have been seen to be equally applicable to these State Railway Savings Banks. That principle, which seems to have been overlooked in the new resolution to which attention is specially invited in the letter under reply, is that no contribution shall be made by Government to the Provident Fund of any Guaranteed Railway Company unless an equal contribution be made by the shareholders. Accordingly no contribution from revenue has hitherto been allowed, excepting in half-years in which surplus profits are earned in excess of the guaranteed interest, because in all other half-years any contributions from revenue will be made solely at the expense of Government. In the case of State Railways, where the State occupies the place of the shareholders, this principle presents no obstacle to contributions out of net earnings to the Savings Banks in question, however small the net earnings may be; but to allow similar Savings Banks to be instituted for the servants of Guaranteed Railway Companies, under the same liberal provisions as have been accorded to State Railway Savings Banks, would be for Government to do what it has repeatedly announced its resolution not to do, viz., to contribute to a Provident Fund notwithstanding that the shareholders contributed nothing."

7. It is unnecessary to repeat at any length the arguments put forth on former occasions to show why this decision operates unfairly in the case of officers of Guaranteed Railways which earn no surplus profits in excess of the guaranteed interest. The case is ably stated in a memorandum* by our late Chairman, Colonel Smith, dated 25th June 1880, and submitted to the Government of India in Proceedings of Madras Government of 6th September of the same year, and again in a letter to Lord Hartington in June 1880, by Sir W. P. Andrew, Chairman of the Scinde, Punjab and Delhi Railway.

* See also Board's letter to Agent, dated 3rd December 1875.

8. The principle insisted upon by the Secretary of State that shareholders must contribute equally with the Government for the support of a Provident Fund of a Guaranteed Railway Company, though plausible enough at the first glance, is, I respectfully submit, altogether unsound. It cannot, with strict accuracy, be said that the place which is occupied by the Government in respect of State Railways is identical with that which is held by the shareholders of the Guaranteed Railway. There is no analogy in point of fact between the position of the State and of shareholders as regards the two classes of railway respectively.

9. The shareholders are simply the recipients of the interest guaranteed by the Government upon stock which they have purchased at the varying prices of the day. The investment, like consols, is safe and constant, and cannot be interfered with till the expiration of the contract in 1907. So long as there are no surplus profits, the proprietors' dividend, which is the interest guaranteed by the Government and not dependent upon the income of the year, never varies. Even if the principle of taxing this guaranteed interest for the purpose of a Provident Fund were sound, the Board of Directors would find it simply impossible to obtain consent to the measure from a body of proprietors numbering nearly 8,000, about half of whom are trustees holding shares jointly for other persons.

10. It is overlooked, I submit, that the establishment of a Provident Fund is purely an administrative arrangement with which the shareholders have nothing whatever to do. The State cannot be indifferent to the character and ability of the officers in every branch of a Guaranteed Railway; and if sufficiently interested, as I believe it to be, in their steadiness of conduct and morale, in the general contentment and well-being of the service, it is bound, I conceive, for the purposes of good administration, to allow the required assistance to be given by the Company to a Provident Fund for the benefit of their staff, independently altogether of the shareholders.

11. At the present day the most intimate official relations subsist between the local Government and the Company's Agents in India in respect of the management and control of Guaranteed Railways in every detail. The two authorities work on parallel lines and for a common end. The employés of the Madras Railway, though appointed and removed by the Company with the approval and sanction of Government, are to all intents and purposes servants of the State, in precisely the same sense as the officers under the more immediate orders of Government on State Railways. They perform the same duties, are subject to the same rules and discipline, and are animated by the same desire to meet the requirements of the country, and to promote the traffic of the line upon which they are employed. The interests of Government are either favorably

or injuriously affected by their action in discharge of the various duties of each department in precisely the same way as if they were employed on a State Railway. And I may add that their motive to exertion, which is not and cannot be affected by the question whether the Railway earns surplus profits or not, will certainly be strengthened by the extension to the Madras Railway of the State Railway Provident Fund Rules.

12. The case is simply and fairly put in the brief report of the Officers' Committee on the establishment of this Voluntary Fund, and there is little to add to what is there stated. I think, as I have said, we may commend this report to the attentive perusal and favorable consideration of the Secretary of State. The plea submitted in the 9th para. that—as the Government financial control is common to all Indian Railways, the service should be considered as a whole, and no privileges denied to the employés of guaranteed lines which are allowed to the officers of State Railways—derives force from the fact that the net earnings or surplus profits on all Indian lines taken together are shown by the last reports to yield a return to the State of more than the guaranteed interest of 5 per cent. on the entire capital expended. The figures for 1884 were £5-5-4 per cent. and in 1883 £5-18-2.

19th May 1885.

13. The form in which the Committee suggest that assistance should be accorded to their fund is that which has lately been adopted for the State Railway Provident Funds, *i.e.*, to make the contribution part of the working expenses; and if this principle be extended to the Provident Fund of the Madras Railway—one of the few guaranteed lines not as yet absorbed by the Government—this fund will, of course, be subject to similar rules and control.

14. I entertain the confident hope that the Secretary of State will, on reconsideration, decide that there shall be no departure in this instance from the wonted policy and practice of the Government of dealing generously with all classes of its public servants.

1st June 1886. (Signed) G. N. TAYLOR.

From the Secretary, Madras Railway Company, to the Agent and Manager, Madras Railway Company, dated 61, New Broad Street, London, 24th January 1890, No. 827.

Proposed Provident Fund.

Among the subjects discussed with Mr. Hanna since his recent arrival in England is the question of the introduction on the Madras Railway of the Provident Fund or Savings Bank Rules now in force on the State Railways in India.

2. This subject has been repeatedly urged by the Board upon the attention of Government, and reasons from time to time have been advanced to show why the benefits enjoyed by the employés of State Railways ought not, in justice, to be denied to a staff of officers engaged in the same Imperial cause, simply because the net earnings of the Madras Railway have not yet reached the rate of interest guaranteed by the State.

3. The Board have no desire to repeat these arguments at length; it is enough to refer to the papers noted in the margin. The establishment of a Voluntary Fund or Savings Bank in 1885 was not regarded by the Board as a final settlement of the question. They have always desired that a satisfactory Provident Fund scheme should be established; and it was confidently hoped that should this voluntary effort prove to some extent successful, it would eventually obtain substantial recognition by the Company, with the consent of the Government, and be aided by a regular contribution from the revenue of the line.

Board's letter to Agent, No. 564, dated 3rd December 1875.
Memorandum by Chairman, dated 25th June 1880.
Proceedings of the Madras Government, No. 679 R., dated 20th November 1880.
Chairman's memorandum, dated 1st June 1886, forwarded to the Secretary of State with letter No. 7115, dated 8th June 1886.

4. The Government of Madras is well aware of the marked improvement which has attended the working of the Madras Railway of recent years, an improvement which is largely due to the high character of the management, and to the energy, ability and devotion to duty of the officers of every department of the Railway.

5. The Board think it right to bring the matter forward again at this time, and they recommend, on the score of economy as well as justice, that the grant of retiring allowances be accorded to the staff of the Madras Railway in the same form as that which has been found to be practicable on the State Railways.

6. They trust that their recommendation will be cordially supported by the Government of Madras, and that when submitted to higher authority, the subject will be favorably considered.

7. The mode in which the State Railway Rules can be applied to the existing funds of the Madras Railway is suggested in the accompanying memorandum; but in the application of the Rules it will be desirable to make no distinction in the treatment of these funds.

8. It is assumed that an amount equal to half of the contributions to the funds will be given out of the revenue each half-year, but any percentage on net earnings would depend upon the Railway earning surplus profits.

Madras Railway Provident Fund.

Limited to Employés drawing salaries of less than Rs. 200 per mensem.

The Provident Fund was established in October 1869, and has consequently been in existence over twenty years.

The subscribers have been assisted by the interest accruing on the Sick and Allowance Fund from 1870, and the amount paid over on this account has been altogether Rs. 53,421-8-3.

Number of Contributors, over 2,600.

The balance at the credit of subscribers on the 31st December 1888 was Rs. 2,06,459-3-0, of which the subscribers' own payments amount to Rs. 1,16,688, and the interest and profits thereon to Rs. 89,771-3-0.

There was a sum of Rs. 6,295 additional profits and reserve available for distribution at the same date.

Considering the long time this fund has been established, and the assistance already given to it, the contribution from Revenue as working expenses of the line of 50 per cent. on amount of subscriptions would largely benefit the staff.

The State Railway Provident Funds make no provision for servants drawing less than Rs. 15 per mensem, and this limit should be maintained. The Sick and Allowance fund will be ample to provide grants to servants below that limit.

Madras Railway Savings Bank.

Limited to Employés drawing salaries over Rs. 200 per mensem.

This was established on the 1st July 1885, and has consequently been in existence four and a half-years.

Possible number of Subscribers, 75.

The amount at the credit of subscribers, with interest, at 30th June last was Rupees 80,473-14-3, and the separate profit account was Rs. 32,850-7-6.

In the event of Government sanctioning the application of the State Railway Provident Fund Rules, the profits would be distributed, and a contribution of 50 per cent. on the total amount would be given.

The question of past service must also arise here in the case of many officers, because the fund has been so short a time established.

Submitted for the favorable consideration of Government, and for transmission to the Government of India.

2. The Agent and Manager, Madras Railway, submits a letter from his Board of Directors recommending the introduction on the Madras Railway of the Provident Fund Rules now in force on the State Railways in India; he adds that the want of such a provision against retirement is felt by the staff to be a great and unmerited hardship, and earnestly hopes that Government may now be prepared to adopt a more favorable view of the case.

3. In 1875 a carefully elaborated scheme was prepared by the Madras Railway Board which was forwarded for the consideration of the Government of India. That Government, however, was not prepared to approve of it, but proposed that the question should be discussed at the Railway Conference to be held in Calcutta in January 1877. The Conference was postponed until January 1880 when the subject was brought up, and the Government of India then settled that the question could only be considered after it had been thoroughly discussed and favorably recommended by the Board of Directors. On this the Chairman of the Madras Railway Board submitted a memorandum in which the Board expressed an opinion that the introduction of such a measure would be in the highest degree desirable, and considered that the

effect of the indulgence would lead to a saving of money. This Government forwarded the memorandum with an expression of general concurrence.

4. The scheme was negatived by the Secretary of State in his despatch No. 53 R., dated 10th June 1880, on the grounds that no contribution should be made by Government to the Provident Fund of any Guaranteed Railway Company unless an equal contribution was made by the shareholders.

5. In consequence of the Madras Railway not having as yet paid its guaranteed interest, it is impossible to obtain a contribution from the shareholders, and thus the servants of the Company are debarred from obtaining any contribution to their Provident Fund from the revenue of the line.

6. The Board in their No. 827, dated 24th January 1890, to the Agent and Manager, now consider it desirable to bring the matter forward again, and recommend that the grant of retiring allowances be accorded to the staff of the Madras Railway in the same form as that which has been found to be practicable on State Railways, and in the memorandum attached they state that a contribution from Revenue of 50 per cent. on amount of subscriptions would largely benefit the staff.

7. The Secretary of State's despatch appears to be framed on the assumption that the incentive to zeal is dependent on the contribution to the Provident Fund being based on the realization of surplus profits, whereas to the Railway servants who probably do not regard the line as one likely to pay its guarantee, a stronger inducement would be afforded by basing the contribution on the net profits. The introduction of a State aided provident fund would further benefit Government by assisting in the retention on the line of the best officers, as they would have something to look forward to on retirement; and retiring gratuities could be abolished.

8. The circumstances which determine the paying properties of a line, though no doubt largely dependent on the exertions and capacities of the staff, are even more dependent on the country traversed and the traffic tapped. The Madras Railway is recognized as one of the best managed lines in India, and its failure to pay the guaranteed interest is due to causes beyond the control of the staff, as its traffic has been seriously handicapped by the alignment imposed from Imperial considerations. It must also be remembered that the line was one of the Pioneer Railways of India and that consequently its capital cost was abnormally high.

From the Consulting Engineer for Railways, dated Madras, 17th July 1890, No. 500.

From the Agent and Manager, Madras Railway Company, to the Consulting Engineer for Railways, dated Madras, 12th July 1890, No. 750.

I have the honor to submit, in compliance with your request, an estimate of the cost of applying the rules of the State Railway Savings Bank and Provident Institution to the Madras Railway.

2. The figures are given in two separate statements, viz.:—

Statement No. 1.—Showing the estimate as called for, of applying the State Railway Rules in their entirety.

Statement No. 2.—Showing the estimate according to the draft proposal contained in a letter from the Board of Directors, No. 827, dated 24th January 1890, submitted with this office letter No. 284, dated 12th March 1890. This contains a part only of the benefits conferred by the State Railway Rules, it does not include the contribution from net earnings nor the final donation or bonus making up the total contributions to the fund, to a sum equal to the total amount paid into it by the subscribers.

3. In both estimates enginemen, artificers, &c., as specified in subsidiary Rule 20 are included; these are paid by the month and subject to a month's notice of dismissal although on the Madras Railway rated by the day.

4. Employés drawing less than Rs. 15 a month are excluded.

STATEMENT No. 1.

5. Estimate showing cost per month of applying to the Madras Railway the State Railway Savings Bank and Provident Institution Rules in their entirety exactly as laid down.

1	2	3	4	5	6
Sum of monthly salaries of all employés drawing upwards of Rs. 15 a month.	Sum of monthly deposits by subscribers as in column 1 at 1 anna in the rupee.	Bonus equal to one half of compulsory monthly deposits as in column 2.	Bonus equal to ½ per cent. of net earnings (monthly average).	Bonus to make up contributions to the fund equal to total amount deposited by the subscribers.	Total maximum monthly contribution payable to the fund.
RS. 1,43,668	RS. 8,979	RS. 4,489	RS. 1,475	RS. 3,115	RS. 8,979

STATEMENT No. 2.

Estimate for applying the State Railway Rules according to the draft proposal contained in a letter from the Board of Directors. This estimate is a modification of Statement No. 1 and provides for part only of the full benefits conferred by the State Railway Rules. It does not include the contribution from net earnings or the donation making up the total contribution to the fund to an amount equal to the total payments of the subscribers.

RS. 1,43,668	RS. 8,979	RS. 4,489	RS. ..	RS. ..	RS. 4,489

6. In each case column No. 6 is the sum of columns Nos. 3, 4 and 5 and represents the total maximum cost of applying the rules. Column No. 2, the monthly deposits by subscribers, is calculated on the assumption that all employés would deposit the maximum amount allowed, viz., one anna in the rupee of their pay. Column No. 4, the contribution from net earnings, is calculated from the returns of the half-year ending 31st December 1889.

7. The figures given are not accurate, but they are believed to represent a sufficiently close approximate estimate for the purpose required. Exact figures worked out from the actual pay of each individual would take a considerable time to prepare.

8. A copy of the letter from the Board of Directors before alluded to is enclosed for convenient reference; in it is a statement showing that on the Madras Railway a Provident Fund, open to all those drawing under Rs. 200 a month, has been in existence since October 1869, and a Savings Bank limited to those only who draw upwards of Rs. 200 a month, has been open since July 1885.

9. The former, known locally as the Provident Fund, has been assisted by the interest accruing on the Sick and Allowance Fund since 1870. The Sick and Allowance Fund absorbs all fines levied, and in the event of the State Railway Rules being granted, it is proposed to devote this fund for the provision of grants to those employés drawing under Rs. 15 a month, who are excluded from the benefits of the State Railway Rules.

10. On the establishment of the State Railway Rules as applicable to the Madras Railway, the existing Madras Railway Provident Fund might possibly be absorbed into the new fund, the money available being credited *pro rata* to the original subscribers. On the other hand, the Madras Railway Savings Bank, which has only been established a very short time, should, it is thought, be wound up, and the money accumulated be returned to the subscribers.

11. No provision is made in these estimates for past services, but in the hope that Government would be willing to make some concession in favor of those who, because they have already spent many years in the service of the Railway, cannot now hope to derive the full benefit from this fund which those who only recently joined may look forward to enjoy, I venture to cite as a precedent the Superannuation Fund established by the London Railway Clearing House which allowed to its old employés the

option of participating by paying in the subscriptions they would have paid, had the fund been in existence, up to a limit of 10 years before its actual establishment.

12. On this basis I add a supplementary estimate showing the amount which would have been subscribed under the State Railway Rules during the last ten years by all employés, except those who drew under Rs. 200 a month and who were therefore provided for by the Madras Railway Provident Fund; and on the assumption that they all could and would pay down at once, if allowed to do so, the whole of such arrear subscriptions, the estimate shows the amount of contribution required to benefit these payments under the same conditions as proposed for the new subscriptions.

13. There are, however, still in the service officers and servants, 25 in all, whose length of service extends to 20, 25 and 30 years. The time when many of these who have practically passed their lives in the service, must of necessity retire, is near at hand, and they have confidently hoped that Government would be pleased to recognise their long and meritorious service by the grant of gratuities on retirement. Such gratuities have hitherto been estimated on a basis of one month's pay for each year of service, or of a sum at least equal to six months' pay, and it is manifest that the case of those who hope to receive these gratuities would not be fully met by the contribution which under the proposed rules might be added to their subscriptions, even when allowed to pay down at once arrears equal to what they would have subscribed during ten years.

14. The figures are given as before in two statements under the conditions explained in para. 2 and show for each the maximum cost of establishing the fund with donations in proportion to the subscriptions which would have been paid in during the last ten years, if the fund had been in existence during that time, by all those now in the service who drew upwards of Rs. 200 a month.

15. Estimate of the cost of establishing on the Madras Railway a Provident Fund according to the State Railway Rules, on the basis of allowing all those now in the service, except those who drew less than Rs. 200 a month, to participate by paying down in a lump sum an amount equal to what they would have subscribed during the last ten years had the fund been in existence so long.

STATEMENT No. 1.

State Railway Rules applied in their entirety exactly as laid down.

1	2	3	4	5	6
Total amount of salaries drawn during the last 10 years by all those now in the service who drew more than Rs. 200 a month.	Total amount of deposits which would have been paid by subscribers as in column 1 at one anna in the rupee.	Total bonus for 10 years equal to half the total deposits as in column 2.	Total bonus equal to * per cent. of net earnings for 10 years up to December 1890.	Total bonus to make up contributions to the fund equal to total amount of 10 years' subscriptions as in column 2.	Total contribution required to establish fund.
RS. 30,06,000	RS. 1,87,875.	RS. 93,940	RS. 93,935	RS. ..	RS. 1,87,875

* Half per cent. of the net earnings for 10 years up to December 1890 amounts to Rs. 1,33,787 considerably more than the sum required.

STATEMENT No. 2.

On the basis of the proposal contained in a letter from the Board of Directors. This estimate is a modification of No. 1 and provides for a part only of the full benefits conferred by the State Railway Rules.

RS. 30,06,000	RS. 1,87,875	RS. 93,940	RS. ..	RS. ..	RS. 93,940

16. To recapitulate, the estimated cost of applying the State Railway Savings Bank Rules to the Madras Railway is equivalent to a monthly contribution to be added to the amount paid by the subscribers of :—

	Rs.
1. According to the State Railway Rules in their entirety	8,979
2. According to a draft proposal by the Board of Directors omitting some of the benefits of the State Railway Rules	4,489

17. And to admit of participation by old employés to the limit of ten years back payments a single contribution on first establishment of the fund of :—

	Rs.
1. On the basis of the State Railway rules in their entirety ...	1,87,875
2. On the basis of the proposal by the Board of Directors as above under 2	93,940

Submitted to Government in continuation of this office endorsement No. 364, dated 21st May 1890.

2. The Agent and Manager, Madras Railway, submits statements exhibiting the monthly cost which would be incurred by introducing the State Railway Savings Bank Rules. If the rules in their entirety are adopted the charge against Revenue would be Rs. 8,979, but if the modified scheme suggested by the Board in their letter No. 827, dated 24th January 1890, be introduced, the revenue contribution would only be Rs. 4,489.

3. If these two proposals be considered with ten years retrospective effect, additional lump sum contributions of Rs. 1,87,875 and Rs. 93,940 respectively would be necessary on first establishment.

ORDER—dated 25th July 1890, No. 1065 R., Public Works.

Ordered to be forwarded for the orders of the Government of India with the remark that this Government would be glad to see any measures carried out which would improve the prospects of the old servants of the Company on final retirement from the service.

(Here enter No. 1066 R., dated 25th July 1890.)

(True Extract.)

Major, R.E.,
Under-Secy. to Govt., P.W.D.,
Railway Branch.

To the Consulting Engineer for Railways.
" Examiner, Guaranteed Railway Accounts.

Exd. J. Moses.
Spare Copies

RAILWAY.

Govt. of {1890} Madras.

PUBLIC WORKS.

Dated July, 25th.

Recd. *Encl.*

G.O., 25th July 1890, No. 1065 R.

JULY.

State Railways Savings Bank

Ordered that the proposals of the Agent and Manager for introducing the — Rules on the Madras Railway be forwarded to the Government of India.

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read the following papers:—

From the Consulting Engineer for Railways, dated Madras, 21st May 1890, No. 364.

From the Agent and Manager, Madras Railway Company, to the Consulting Engineer for Railways, dated Madras, 12th March 1890, No. 283.

I have the honor to submit, for the consideration of Government, copy of a letter addressed to me by the Board of Directors on the subject of the establishment, for the benefit of the officers and servants of this Company, of a Provident or Superannuation Fund based on the rules of the State Railways Provident Fund.

2. The want of such a provision against retirement, by reason of sickness or old age after long service, is felt by the staff to be a great and unmerited hardship, especially when their position is contrasted with that of their more fortunate brethren in State employ and also on some other guaranteed lines which, like the Madras Railway, are not yet in a position to yield large dividends, and it is earnestly hoped, notwithstanding the want of success which has attended the proposals which have been hitherto made, that Government may now be prepared to adopt a more favorable view of their case.

ENCLOSURES.

Memorandum respecting the Voluntary Provident Fund of the Officers of the Madras Railway.

The Board are aware that, in the beginning of last year, I suggested to our Agent and Manager in Madras the establishment of a Voluntary Provident Fund for the benefit of our employés in India.

2. The project was cordially and unanimously adopted at an Officers' meeting in April 1885, and a Working Committee was appointed, consisting of the Chief Engineer, the Traffic Manager, and the Chief Accountant. I append to this memorandum a copy of their printed report, together with the rules which were passed at the time and have now been in operation for the period of one year.

Dated 19th May 1885.

3. In view of the very decided refusal of the Secretary of State to grant any contribution on the part of Government to a Provident Fund of a Guaranteed Railway, except on conditions which are felt to be impracticable, the present proposal has taken the form of an unaided Voluntary Fund, supported entirely by the subscriptions of the members.

4. The rate of subscription is one anna in the rupee, or 6¼ per cent. of an officer's salary, with the option of a further contribution if so desired.

5. The results of a half-year's working of the scheme are given in the papers received from India a mail or two back. From this small beginning material benefit will no doubt eventually accrue to the younger officers; but without some substantial assistance from the Company, by permission of the Government, few, if any, of our officers can hope that the fund

Report, dated 18th January 1886, and Return of subscription, dated 31st March 1886.

will provide even a decent income on retirement. I think the time has now come when we are bound to submit the report of the committee of our officers for the favorable consideration of the Secretary of State, and to urge upon him very strongly the justice of recognising the claim of our officers to share in the benefits which are allowed to the employés of the State lines of Railway.

6. The recorded decision of the Secretary of State, contained in a despatch to the Governor-General in Council, dated 10th June 1880, runs as follows:—

"The so-called State Railway Savings Banks, however, in their objects and in most other essential respects, hardly differ from the Provident Funds which have been established on some of the Guaranteed Railways, and it would have been well that they should have received the same name, for then I think an important principle which had previously been rigidly insisted upon in regard to Guaranteed Railway Provident Funds would have been seen to be equally applicable to these State Railway Savings Banks. That principle, which seems to have been overlooked in the new resolution to which attention is specially invited in the letter under reply, is that no contribution shall be made by Government to the Provident Fund of any Guaranteed Railway Company unless an equal contribution be made by the shareholders. Accordingly no contribution from revenue has hitherto been allowed, excepting in half-years in which surplus profits are earned in excess of the guaranteed interest, because in all other half-years any contributions from revenue will be made solely at the expense of Government. In the case of State Railways, where the State occupies the place of the shareholders, this principle presents no obstacle to contributions out of net earnings to the Savings Banks in question, however small the net earnings may be; but to allow similar Savings Banks to be instituted for the servants of Guaranteed Railway Companies, under the same liberal provisions as have been accorded to State Railway Savings Banks, would be for Government to do what it has repeatedly announced its resolution not to do, viz., to contribute to a Provident Fund notwithstanding that the shareholders contributed nothing."

7. It is unnecessary to repeat at any length the arguments put forth on former occasions to show why this decision operates unfairly in the case of officers of Guaranteed Railways which earn no surplus profits in excess of the guaranteed interest. The case is ably stated in a memorandum* by our late Chairman, Colonel Smith, dated 25th June 1880, and submitted to the Government of India in Proceedings of Madras Government of 6th September of the same year, and again in a letter to Lord Hartington in June 1880, by Sir W. P. Andrew, Chairman of the Scinde, Punjab and Delhi Railway.

* See also Board's letter to Agent, dated 3rd December 1875.

8. The principle insisted upon by the Secretary of State that shareholders must contribute equally with the Government for the support of a Provident Fund of a Guaranteed Railway Company, though plausible enough at the first glance, is, I respectfully submit, altogether unsound. It cannot, with strict accuracy, be said that the place which is occupied by the Government in respect of State Railways is identical with that which is held by the shareholders of the Guaranteed Railway. There is no analogy in point of fact between the position of the State and of shareholders as regards the two classes of railway respectively.

9. The shareholders are simply the recipients of the interest guaranteed by the Government upon stock which they have purchased at the varying prices of the day. The investment, like consols, is safe and constant, and cannot be interfered with till the expiration of the contract in 1907. So long as there are no surplus profits, the proprietors' dividend, which is the interest guaranteed by the Government and not dependent upon the income of the year, never varies. Even if the principle of taxing this guaranteed interest for the purpose of a Provident Fund were sound, the Board of Directors would find it simply impossible to obtain consent to the measure from a body of proprietors numbering nearly 8,000, about half of whom are trustees holding shares jointly for other persons.

10. It is overlooked, I submit, that the establishment of a Provident Fund is purely an administrative arrangement with which the shareholders have nothing whatever to do. The State cannot be indifferent to the character and ability of the officers in every branch of a Guaranteed Railway; and if sufficiently interested, as I believe it to be, in their steadiness of conduct and morale, in the general contentment and well-being of the service, it is bound, I conceive, for the purposes of good administration, to allow the required assistance to be given by the Company to a Provident Fund for the benefit of their staff, independently altogether of the shareholders.

11. At the present day the most intimate official relations subsist between the local Government and the Company's Agents in India in respect of the management and control of Guaranteed Railways in every detail. The two authorities work on parallel lines and for a common end. The employés of the Madras Railway, though appointed and removed by the Company with the approval and sanction of Government, are to all intents and purposes servants of the State, in precisely the same sense as the officers under the more immediate orders of Government on State Railways. They perform the same duties, are subject to the same rules and discipline, and are animated by the same desire to meet the requirements of the country, and to promote the traffic of the line upon which they are employed. The interests of Government are either favorably

or injuriously affected by their action in discharge of the various duties of each department in precisely the same way as if they were employed on a State Railway. And I may add that their motive to exertion, which is not and cannot be affected by the question whether the Railway earns surplus profits or not, will certainly be strengthened by the extension to the Madras Railway of the State Railway Provident Fund Rules.

12. The case is simply and fairly put in the brief report of the Officers' Committee on the establishment of this Voluntary Fund, and there is little to add to what is there stated. I think, as I have said, we may commend this report to the attentive perusal and favorable consideration of the Secretary of State. The plea submitted in the 9th para. that—as the Government financial control is common to all Indian Railways, the service should be considered as a whole, and no privileges denied to the employés of guaranteed lines which are allowed to the officers of State Railways—derives force from the fact that the net earnings or surplus profits on all Indian lines taken together are shown by the last reports to yield a return to the State of more than the guaranteed interest of 5 per cent. on the entire capital expended. The figures for 1884 were £5-5-4 per cent. and in 1883 £5-18-2.

19th May 1885.

13. The form in which the Committee suggest that assistance should be accorded to their fund is that which has lately been adopted for the State Railway Provident Funds, *i.e.*, to make the contribution part of the working expenses; and if this principle be extended to the Provident Fund of the Madras Railway—one of the few guaranteed lines not as yet absorbed by the Government—this fund will, of course, be subject to similar rules and control.

14. I entertain the confident hope that the Secretary of State will, on reconsideration, decide that there shall be no departure in this instance from the wonted policy and practice of the Government of dealing generously with all classes of its public servants.

(Signed) G. N. TAYLOR.

1st June 1886.

From the Secretary, Madras Railway Company, to the Agent and Manager, Madras Railway Company, dated 61, New Broad Street, London, 24th January 1890, No. 827.

Proposed Provident Fund.

Among the subjects discussed with Mr. Hanna since his recent arrival in England is the question of the introduction on the Madras Railway of the Provident Fund or Savings Bank Rules now in force on the State Railways in India.

2. This subject has been repeatedly urged by the Board upon the attention of Government, and reasons from time to time have been advanced to show why the benefits enjoyed by the employés of State Railways ought not, in justice, to be denied to a staff of officers engaged in the same Imperial cause, simply because the net earnings of the Madras Railway have not yet reached the rate of interest guaranteed by the State.

3. The Board have no desire to repeat these arguments at length; it is enough to refer to the papers noted in the margin. The establishment of a Voluntary Fund or Savings Bank in 1885 was not regarded by the Board as a final settlement of the question. They have always desired that a satisfactory Provident Fund scheme should be established; and it was confidently hoped that should this voluntary effort prove to some extent successful, it would eventually obtain substantial recognition by the Company, with the consent of the Government, and be aided by a regular contribution from the revenue of the line.

Board's letter to Agent, No. 564, dated 3rd December 1875.
Memorandum by Chairman, dated 25th June 1880.
Proceedings of the Madras Government, No. 679 R., dated 20th November 1880.
Chairman's memorandum, dated 1st June 1886, forwarded to the Secretary of State with letter No. 7115, dated 8th June 1886.

4. The Government of Madras is well aware of the marked improvement which has attended the working of the Madras Railway of recent years, an improvement which is largely due to the high character of the management, and to the energy, ability and devotion to duty of the officers of every department of the Railway.

5. The Board think it right to bring the matter forward again at this time, and they recommend, on the score of economy as well as justice, that the grant of retiring allowances be accorded to the staff of the Madras Railway in the same form as that which has been found to be practicable on the State Railways.

6. They trust that their recommendation will be cordially supported by the Government of Madras, and that when submitted to higher authority, the subject will be favorably considered.

7. The mode in which the State Railway Rules can be applied to the existing funds of the Madras Railway is suggested in the accompanying memorandum; but in the application of the Rules it will be desirable to make no distinction in the treatment of these funds.

8. It is assumed that an amount equal to half of the contributions to the funds will be given out of the revenue each half-year, but any percentage on net earnings would depend upon the Railway earning surplus profits.

Madras Railway Provident Fund.

Limited to Employés drawing salaries of less than Rs. 200 per mensem.

The Provident Fund was established in October 1869, and has consequently been in existence over twenty years.

The subscribers have been assisted by the interest accruing on the Sick and Allowance Fund from 1870, and the amount paid over on this account has been altogether Rs. 53,421-8-3.

Number of Contributors, over 2,600.

The balance at the credit of subscribers on the 31st December 1888 was Rs. 2,06,459-3-0, of which the subscribers' own payments amount to Rs. 1,16,688, and the interest and profits thereon to Rs. 89,771-3-0.

There was a sum of Rs. 6,295 additional profits and reserve available for distribution at the same date.

Considering the long time this fund has been established, and the assistance already given to it, the contribution from Revenue as working expenses of the line of 50 per cent. on amount of subscriptions would largely benefit the staff.

The State Railway Provident Funds make no provision for servants drawing less than Rs. 15 per mensem, and this limit should be maintained. The Sick and Allowance fund will be ample to provide grants to servants below that limit.

Madras Railway Savings Bank.

Limited to Employés drawing salaries over Rs. 200 per mensem.

This was established on the 1st July 1885, and has consequently been in existence four and a half-years.

Possible number of Subscribers, 75.

The amount at the credit of subscribers, with interest, at 30th June last was Rupees 80,473-14-3, and the separate profit account was Rs. 32,850-7-6.

In the event of Government sanctioning the application of the State Railway Provident Fund Rules, the profits would be distributed, and a contribution of 50 per cent. on the total amount would be given.

The question of past service must also arise here in the case of many officers, because the fund has been so short a time established.

Submitted for the favorable consideration of Government, and for transmission to the Government of India.

2. The Agent and Manager, Madras Railway, submits a letter from his Board of Directors recommending the introduction on the Madras Railway of the Provident Fund Rules now in force on the State Railways in India; he adds that the want of such a provision against retirement is felt by the staff to be a great and unmerited hardship, and earnestly hopes that Government may now be prepared to adopt a more favorable view of the case.

3. In 1875 a carefully elaborated scheme was prepared by the Madras Railway Board which was forwarded for the consideration of the Government of India. That Government, however, was not prepared to approve of it, but proposed that the question should be discussed at the Railway Conference to be held in Calcutta in January 1877. The Conference was postponed until January 1880 when the subject was brought up, and the Government of India then settled that the question could only be considered after it had been thoroughly discussed and favorably recommended by the Board of Directors. On this the Chairman of the Madras Railway Board submitted a memorandum in which the Board expressed an opinion that the introduction of such a measure would be in the highest degree desirable, and considered that the

effect of the indulgence would lead to a saving of money. This Government forwarded the memorandum with an expression of general concurrence.

4. The scheme was negatived by the Secretary of State in his despatch No. 53 R., dated 10th June 1880, on the grounds that no contribution should be made by Government to the Provident Fund of any Guaranteed Railway Company unless an equal contribution was made by the shareholders.

5. In consequence of the Madras Railway not having as yet paid its guaranteed interest, it is impossible to obtain a contribution from the shareholders, and thus the servants of the Company are debarred from obtaining any contribution to their Provident Fund from the revenue of the line.

6. The Board in their No. 827, dated 24th January 1890, to the Agent and Manager, now consider it desirable to bring the matter forward again, and recommend that the grant of retiring allowances be accorded to the staff of the Madras Railway in the same form as that which has been found to be practicable on State Railways, and in the memorandum attached they state that a contribution from Revenue of 50 per cent. on amount of subscriptions would largely benefit the staff.

7. The Secretary of State's despatch appears to be framed on the assumption that the incentive to zeal is dependent on the contribution to the Provident Fund being based on the realization of surplus profits, whereas to the Railway servants who probably do not regard the line as one likely to pay its guarantee, a stronger inducement would be afforded by basing the contribution on the net profits. The introduction of a State aided provident fund would further benefit Government by assisting in the retention on the line of the best officers, as they would have something to look forward to on retirement; and retiring gratuities could be abolished.

8. The circumstances which determine the paying properties of a line, though no doubt largely dependent on the exertions and capacities of the staff, are even more dependent on the country traversed and the traffic tapped. The Madras Railway is recognized as one of the best managed lines in India, and its failure to pay the guaranteed interest is due to causes beyond the control of the staff, as its traffic has been seriously handicapped by the alignment imposed from Imperial considerations. It must also be remembered that the line was one of the Pioneer Railways of India and that consequently its capital cost was abnormally high.

From the Consulting Engineer for Railways, dated Madras, 17th July 1890, No. 500.

From the Agent and Manager, Madras Railway Company, to the Consulting Engineer for Railways, dated Madras, 12th July 1890, No. 750.

I have the honor to submit, in compliance with your request, an estimate of the cost of applying the rules of the State Railway Savings Bank and Provident Institution to the Madras Railway.

2. The figures are given in two separate statements, viz.:—

Statement No. 1.—Showing the estimate as called for, of applying the State Railway Rules in their entirety.

Statement No. 2.—Showing the estimate according to the draft proposal contained in a letter from the Board of Directors, No. 827, dated 24th January 1890, submitted with this office letter No. 284, dated 12th March 1890. This contains a part only of the benefits conferred by the State Railway Rules, it does not include the contribution from net earnings nor the final donation or bonus making up the total contributions to the fund, to a sum equal to the total amount paid into it by the subscribers.

3. In both estimates enginemen, artificers, &c., as specified in subsidiary Rule 20 are included; these are paid by the month and subject to a month's notice of dismissal although on the Madras Railway rated by the day.

4. Employés drawing less than Rs. 15 a month are excluded.

STATEMENT No. 1.

5. Estimate showing cost per month of applying to the Madras Railway the State Railway Savings Bank and Provident Institution Rules in their entirety exactly as laid down.

1	2	3	4	5	6
Sum of monthly salaries of all employés drawing upwards of Rs. 15 a month.	Sum of monthly deposits by subscribers as in column 1 at 1 anna in the rupee.	Bonus equal to one half of compulsory monthly deposits as in column 2.	Bonus equal to ½ per cent. of net earnings (monthly average).	Bonus to make up contributions to the fund equal to total amount deposited by the subscribers.	Total maximum monthly contribution payable to the fund.
Rs. 1,43,668	Rs. 8,979	Rs. 4,489	Rs. 1,475	Rs. 3,115	Rs. 8,979

STATEMENT No. 2.

Estimate for applying the State Railway Rules according to the draft proposal contained in a letter from the Board of Directors. This estimate is a modification of Statement No. 1 and provides for part only of the full benefits conferred by the State Railway Rules. It does not include the contribution from net earnings or the donation making up the total contribution to the fund to an amount equal to the total payments of the subscribers.

Rs. 1,43,668	Rs. 8,979	Rs. 4,489	Rs. ..	Rs. ..	Rs. 4,489

6. In each case column No. 6 is the sum of columns Nos. 3, 4 and 5 and represents the total maximum cost of applying the rules. Column No. 2, the monthly deposits by subscribers, is calculated on the assumption that all employés would deposit the maximum amount allowed, viz., one anna in the rupee of their pay. Column No. 4, the contribution from net earnings, is calculated from the returns of the half-year ending 31st December 1889.

7. The figures given are not accurate, but they are believed to represent a sufficiently close approximate estimate for the purpose required. Exact figures worked out from the actual pay of each individual would take a considerable time to prepare.

8. A copy of the letter from the Board of Directors before alluded to is enclosed for convenient reference; in it is a statement showing that on the Madras Railway a Provident Fund, open to all those drawing under Rs. 200 a month, has been in existence since October 1869, and a Savings Bank limited to those only who draw upwards of Rs. 200 a month, has been open since July 1885.

9. The former, known locally as the Provident Fund, has been assisted by the interest accruing on the Sick and Allowance Fund since 1870. The Sick and Allowance Fund absorbs all fines levied, and in the event of the State Railway Rules being granted, it is proposed to devote this fund for the provision of grants to those employés drawing under Rs. 15 a month, who are excluded from the benefits of the State Railway Rules.

10. On the establishment of the State Railway Rules as applicable to the Madras Railway, the existing Madras Railway Provident Fund might possibly be absorbed into the new fund, the money available being credited *pro rata* to the original subscribers. On the other hand, the Madras Railway Savings Bank, which has only been established a very short time, should, it is thought, be wound up, and the money accumulated be returned to the subscribers.

11. No provision is made in these estimates for past services, but in the hope that Government would be willing to make some concession in favor of those who, because they have already spent many years in the service of the Railway, cannot now hope to derive the full benefit from this fund which those who only recently joined may look forward to enjoy, I venture to cite as a precedent the Superannuation Fund established by the London Railway Clearing House which allowed to its old employés the

option of participating by paying in the subscriptions they would have paid, had the fund been in existence, up to a limit of 10 years before its actual establishment.

12. On this basis I add a supplementary estimate showing the amount which would have been subscribed under the State Railway Rules during the last ten years by all employés, except those who drew under Rs. 200 a month and who were thereby provided for by the Madras Railway Provident Fund; and on the assumption that they all could and would pay down at once, if allowed to do so, the whole of such arrear subscriptions, the estimate shows the amount of contribution required to benefit these payments under the same conditions as proposed for the new subscriptions.

13. There are, however, still in the service officers and servants, 25 in all, whose length of service extends to 20, 25 and 30 years. The time when many of these who have practically passed their lives in the service, must of necessity retire, is near at hand, and they have confidently hoped that Government would be pleased to recognise their long and meritorious service by the grant of gratuities on retirement. Such gratuities have hitherto been estimated on a basis of one month's pay for each year of service, or of a sum at least equal to six months' pay, and it is manifest that the case of those who hope to receive these gratuities would not be fully met by the contribution which under the proposed rules might be added to their subscriptions, even when allowed to pay down at once arrears equal to what they would have subscribed during ten years.

14. The figures are given as before in two statements under the conditions explained in para. 2 and show for each the maximum cost of establishing the fund with donations in proportion to the subscriptions which would have been paid in during the last ten years, if the fund had been in existence during that time, by all those now in the service who drew upwards of Rs. 200 a month.

15. Estimate of the cost of establishing on the Madras Railway a Provident Fund according to the State Railway Rules, on the basis of allowing all those now in the service, except those who drew less than Rs. 200 a month, to participate by paying down in a lump sum an amount equal to what they would have subscribed during the last ten years had the fund been in existence so long.

STATEMENT No. 1.

State Railway Rules applied in their entirety exactly as laid down.

1	2	3	4	5	6
Total amount of salaries drawn during the last 10 years by all those now in the service who drew more than Rs. 200 a month.	Total amount of deposits which would have been paid by subscribers as in column 1 at one anna in the rupee.	Total bonus for 10 years equal to half the total deposits as in column 2.	Total bonus equal to * per cent. of net earnings for 10 years up to December 1890.	Total bonus to make up contributions to the fund equal to total amount of 10 years' subscriptions as in column 2.	Total contribution required to establish fund.
Rs. 30,06,000	Rs. 1,87,875	Rs. 93,940	Rs. 93,935	Rs. ..	Rs. 1,87,875

* Half per cent. of the net earnings for 10 years up to December 1890 amounts to Rs. 1,38,787 considerably more than the sum required.

STATEMENT No. 2.

On the basis of the proposal contained in a letter from the Board of Directors. This estimate is a modification of No. 1 and provides for a part only of the full benefits conferred by the State Railway Rules.

Rs. 30,06,000	Rs. 1,87,875	Rs. 93,940	Rs. ..	Rs. ..	Rs. 93,940

16. To recapitulate, the estimated cost of applying the State Railway Savings Bank Rules to the Madras Railway is equivalent to a monthly contribution to be added to the amount paid by the subscribers of :—

	RS.
1. According to the State Railway Rules in their entirety	8,979
2. According to a draft proposal by the Board of Directors omitting some of the benefits of the State Railway Rules	4,489

17. And to admit of participation by old employés to the limit of ten years back payments a single contribution on first establishment of the fund of :—

	RS.
1. On the basis of the State Railway rules in their entirety ...	1,87,875
2. On the basis of the proposal by the Board of Directors as above under 2	93,940

Submitted to Government in continuation of this office endorsement No. 364, dated 21st May 1890.

2. The Agent and Manager, Madras Railway, submits statements exhibiting the monthly cost which would be incurred by introducing the State Railway Savings Bank Rules. If the rules in their entirety are adopted the charge against Revenue would be Rs. 8,979, but if the modified scheme suggested by the Board in their letter No. 827, dated 24th January 1890, be introduced, the revenue contribution would only be Rs. 4,489.

3. If these two proposals be considered with ten years retrospective effect, additional lump sum contributions of Rs. 1,87,875 and Rs. 93,940 respectively would be necessary on first establishment.

ORDER—dated 25th July 1890, No. 1065 R., Public Works.

Ordered to be forwarded for the orders of the Government of India with the remark that this Government would be glad to see any measures carried out which would improve the prospects of the old servants of the Company on final retirement from the service.

(Here enter No. 1066 R., dated 25th July 1890.)

(True Extract.)

Major, R.E.,
Under-Secy. to Govt., P.W.D.,
Railway Branch.

To the Consulting Engineer for Railways.
,, Examiner, Guaranteed Railway Accounts.

Exd. J. Moses.
Spare Copies

RAILWAY.

Govt. of {1890} Madras.

PUBLIC WORKS.

Dated July, 25th.

Recd.

Encl.

G.O., 25th July 1890, No. 1065 R.

JULY.

State Railways Savings Bank

Ordered that the proposals of the Agent and Manager for introducing the — Rules on the Madras Railway be forwarded to the Government of India.

(No. 1.)

No. 283

5,000—14-11-85.

Print

MADRAS RAILWAY.

AGENT AND MANAGER'S OFFICE,

MADRAS, 12th March 1890.

From

The Ag. *Agent and Manager.* M. Rly.

To

The *Consulting Engineer for Railways.*

SIR,

I have the honour to submit for the consideration of Government copy of a letter addressed to me by the Board of Directors on the subject of the establishment for the benefit of the officers and servants of this Company, of a Provident or Superannuation Fund based on the rules of the State Railways Provident Fund.

The want of such a provision against retirement by reason of sickness or old age after long service, is felt by the staff to be a great and unmerited hardship, especially when their position is contrasted with that of their

their more fortunate brethren in State employ and also on some other Guaranteed lines which like the Madras Railway are not yet in a position to yield large dividends and it is earnestly hoped notwithstanding the want of success which has attended the proposals which have been hitherto made that Government may now be prepared to adopt a more favourable view of their case.

I have the honor to be,
Sir,
Your most obed[t] Servant

H. H. Mitchell.

Ag: Agent & Manager.

REGISTER
No. 343
FILE
No.

Fw Sec I
480/90.

MADRAS RAILWAY.

From

The Agent and Manager.

To

The Consulting Engineer
for Railways.

E.R.

Dated 12th March 1890

Recd. 14.3.90

No. 283

Regarding the Proposed Provident Fund

CR

Vide letter to C.M.
Dte 469 & 24/5/90.

Memorandum.

Respecting the Voluntary Provident Fund of the Officers of the Madras Railway.

The Board are aware that in the beginning of last year I suggested to our Agent and Manager in Madras the establishment of a Voluntary Provident Fund for the benefit of our employes in India.

The project was cordially, and unanimously adopted at an Officers' Meeting in April, 1885, and a working Committee was appointed, consisting of the Chief Engineer, the Traffic Manager, and the Chief Accountant. I append to this Memorandum a copy of their printed report, together with the rules which were passed at the time and have now been in operation for the period of one year.

Dated 19th May 1885.

In view of the very decided refusal of the Secretary of State to grant any contribution on the part of government to a Provident Fund of a Guaranteed Railway, except on conditions which are felt to be impracticable, the present proposal has taken the form of an unaided Voluntary Fund, supported entirely by the subscriptions of the members.

The rate of subscription is one

anna in the Rupee or 6¼ per cent of an officer's salary, with the option of a further contribution if so desired.

Report dated 18th Jany 1886, and Return of Subscription dated 31st March 1886.

The results of a half-year's working of the scheme are given in the papers received from India a mail or two back. From this small beginning material benefit will no doubt eventually accrue to the younger officers; but without some substantial assistance from the Company, by permission of the Government, few if any of our officers can hope that the Fund will provide even a decent income on retirement. I think the time has now come when we are bound to submit the Report of the Committee of our officers for the favorable consideration of the Secretary of State, and to urge upon him very strongly the justice of recognising the claim of our officers to share in the benefits which are allowed to the employés of the State lines of Railway.

The recorded decision of the Secretary of State, contained in a despatch to the Governor-General in Council, dated 10th June, 1880 runs as follows:-

"The so-called State Railway Savings
"Banks, however, in their objects and in
"most other essential respects, hardly
"differ from the provident funds which
"have been established on some of the
"guaranteed Railways, and it would have
"been well that they should have received

RAILWAY COMPANY

"the same name, for then I think an
"important principle which had previously
"been pegidly insisted upon in regard
"to Guaranteed Railway Provident Funds
"would have been seen to be equally
"applicable to these State Railway Savings
"Banks. That principle, which seems
"to have been overlooked in the new
"resolution to which attention is specially
"invited in the letter under reply, is that
"no contribution shall be made by
"Government to the Provident Fund of any
"Guaranteed Railway Company unless
"an equal contribution be made by
"the Shareholders. Accordingly no con-
"tribution from Revenue has hitherto been
"allowed, excepting in half-years in which
"surplus profits are earned in excess
"of the guaranteed interest, because
"in all other half years any contribu-
"tions from Revenue will be made
"solely at the expense of Government. In
"the case of State Railways, where the State
"occupies the place of the Shareholders,
"this principle presents no obstacle
"to contributions out of net earnings to
"the Savings Banks in question, however
"small the net earnings may be; but
"to allow similar Savings Banks to be
instituted for the servants of Gua-
"ranteed Railway Companies, under
"the same liberal provisions as have
"been accorded to State Railway Savings
Banks would be for Government to
do what it has repeatedly announced

"its resolution not to do, viz, to contri-
"bute to a Provident Fund notwithstand-
"ing that the Shareholders contributed
nothing".

It is unnecessary to repeat at any length the arguments put forth on former occasions to show why this decision operates unfairly in the case of officers of Guaranteed Railways which earn no sur-plus profits in excess of the Guaranteed Interest. The case is ably stated in a Memorandum by our late Chairman, Colonel Smith, dated 26th June 1880, and submitted to the Government of India in Proceedings of Madras Government of 6th September of the same year, and again in a letter to Lord Hartington in June 1880 by Sir W.P. Andrew Chairman of the Scinde, Punjaub and Delhi Railway.

* See also Board's letter to Govt, dy 3rd Decr 1875

The principle insisted upon by the Secretary of State that Shareholders must contribute equally with the Government for the support of a Provident Fund of a Guaranteed Railway Company, though plausible enough at the first glance is, I respectfully submit, altogether unsound. It cannot, with strict accuracy, be said that the place which is occupied by the Government in respect of State Railways is identical with that which is held by the Shareholders of the Guaranteed Railway. There is no analogy in point of fact between the position of the State and of

Shareholders, as regards the two classes of Railway respectively.

The Shareholders are simply the recipients of the interest guaranteed by the Government upon Stock which they have purchased at the varying prices of the day. The investment, like Consols, is safe and constant, and cannot be interfered with till the expiration of the Contract in 1907. So long as there are no surplus profits, the Proprietors' dividend, which is the interest guaranteed by the Government and not dependent upon the income of the year, never varies. Even if the principle of taxing this guaranteed interest for the purpose of a Provident Fund were sound, the Board of Directors would find it simply impossible to obtain consent to the measure from a body of Proprietors numbering nearly 8000, about half of whom are Trustees holding shares jointly for other persons.

It is overlooked, I submit, that the establishment of a Provident Fund is purely an administrative arrangement with which the Shareholders have nothing whatever to do. The State cannot be indifferent to the character and ability of the officers in every Branch of a guaranteed Railway; and if sufficiently interested, as I believe it to be, in their steadiness of conduct and morale, in the general contentment and well being of the service, it is bound, I

conceive, for the purposes of good administration, to allow the required assistance to be given by the Company to a Provident Fund for the benefit of their staff, independently altogether of the shareholders.

At the present day the most intimate official relations subsist between the local Government and the Company's Agents in India in respect of the management and control of guaranteed Railways in every detail. The two authorities work on parallel lines and for a common end. The employés of the Madras Railway, though appointed and removed by the Company with the approval and sanction of Government, are to all intents and purposes servants of the State, in precisely the same sense as the officers under the more immediate orders of Government on State Railways. They perform the same duties, are subject to the same rules and discipline, and are animated by the same desire to meet the requirements of the country, and to promote the traffic of the line upon which they are employed. The interests of Government are either favourably or injuriously affected by their action in discharge of the various duties of each Department in precisely the same way as if they were employed on a State Railway. And I may add that their motive to exertion, which is not and cannot be affected by the question whether the railway earns surplus profits or not, will certainly be strengthened

by the extension to the Madras Railway of the State Railway Provident Fund Rules:

19th May 1885. The case is simply and fairly put in the brief report of the Officers' Committee on the establishment of this Voluntary Fund, and there is little to add to what is there stated. I think as I have said we may commend this report to the attentive perusal and favourable consideration of the Secretary of State. The plea submitted in the 9th para. that — as the Government financial control is common to all Indian Railways the service should be considered as a whole, and no privileges denied to the employes of Guaranteed lines which are allowed to the officers of State Railways — derives force from the fact that the net earnings or surplus profits on all Indian lines taken together are shown by the last reports to yield a return to the State of more than the guaranteed interest of five per cent. on the entire capital expended. The figures for 1884 were £5-5-4 per cent, and in 1883 £5-18-2.

The form in which the Committee suggest that assistance should be accorded to their fund is that which has lately been adopted for the State Railway Provident Funds — i.e. to make the contribution part of the working expenses — and if this principle be extended to the Provident Fund of the Madras Railway — one of the few Guaranteed lines not as yet absorbed

by the Government- this Fund will, of course, be subject to similar rules and control.

I entertain the confident hope that the Secretary of State will, on reconsideration, decide that there shall be no departure in this instance from the wonted policy and practice of the Government of dealing generously with all classes of its public servants.

1st June 1886. pd/ G. A. Taylor

/True Copy/

W. Hamilton
Agt Agent & Manager.

REGISTER
No. 386
FILE

Encl to Govt Mad No 603/312 of 24.3.90

No. 827.

Madras Railway Company,
61, New Broad Street,
London, 24*th January*, 1890.

Sir,

Proposed Provident Fund.

Among the subjects discussed with Mr. Hanna since his recent arrival in England is the question of the introduction on the Madras Railway of the Provident Fund or Savings Bank Rules now in force on the State Railways in India.

2. This subject has been repeatedly urged by the Board upon the attention of Government, and reasons from time to time have been advanced to show why the benefits enjoyed by the employés of State Railways ought not, in justice, to be denied to a staff of officers engaged in the same Imperial cause, simply because the net earnings of the Madras Railway have not yet reached the rate of interest guaranteed by the State.

Board's letter to Agent, No. 564, dated 3rd December, 1875.
Memorandum by Chairman, dated 25th June, 1880.
Proceedings of the Madras Government, No. 679 R, dated 20th November, 1880.
Chairman's Memorandum, dated 1st June, 1886, forwarded to the Secretary of State with letter No. 7,115, dated 8th June, 1886.

3. The Board have no desire to repeat these arguments at length; it is enough to refer to the papers noted in the margin. The establishment of a voluntary Fund or Savings Bank in 1885 was not regarded by the Board as a final settlement of the question. They have always desired that a satisfactory Provident Fund scheme should be established; and it was confidently hoped that should this voluntary effort prove to some extent successful, it would eventually obtain substantial recognition by the Company, with the consent of the Government, and be aided by a regular contribution from the Revenue of the line.

4. The Government of Madras is well aware of the marked improvement which has attended the working of the Madras Railway of recent years, an improvement which is largely due to the high character of the management, and to the energy, ability and devotion to duty of the officers of every department of the Railway.

5. The Board think it right to bring the matter forward again at this time, and they recommend, on the score of economy as well as justice, that the grant of retiring allowances be accorded to the staff of the Madras Railway in the same form as that which has been found to be practicable on the State Railways.

6. They trust that their recommendation will be cordially supported by the Government of Madras, and that when submitted to higher authority, the subject will be favourably considered.

7. The mode in which the State Railway Rules can be applied to the existing Funds of the Madras Railway is suggested in the accompanying Memorandum: but in the application of the Rules it will be desirable to make no distinction in the treatment of these Funds.

8. It is assumed that an amount equal to half of the contributions to the Funds will be given out of the Revenue each half-year, but any percentage on net earnings would depend upon the Railway earning surplus profits.

I am, Sir,
Your obedient Servant,
(sd.) Julian Byrne
Secretary.

To the Acting Agent and Manager,
Madras Railway,
Madras.

MADRAS RAILWAY PROVIDENT FUND.

Limited to Employés drawing Salaries of less than Rs. 200 per mensem.

The Provident Fund was established in October, 1869, and has consequently been in existence over twenty years.

Number of Contributors, over 2,600.

The Subscribers have been assisted by the interest accruing on the Sick and Allowance Fund from 1870, and the amount paid over on this account has been altogether Rs. 53,421 8a. 3p.

The balance at the credit of Subscribers on the 31st December, 1888, was Rs. 2,06,459 3a., of which the Subscribers' own payments amount to Rs. 1,16,688, and the interest and profits thereon to Rs. 89,771 3a.

There was a sum of Rs. 6,295 additional profits and reserve available for distribution at the same date.

Considering the long time this Fund has been established and the assistance already given to it, the contribution from Revenue as working expenses of the line of 50 per cent. on amount of subscriptions would largely benefit the staff.

The State Railway Provident Funds make no provision for servants drawing less than Rs. 15 per mensem, and this limit should be maintained. The Sick and Allowance Fund will be ample to provide grants to servants below that limit.

MADRAS RAILWAY SAVINGS BANK.

Limited to Employés drawing salaries over Rs. 200 per mensem.

This was established on the 1st July, 1885, and has consequently been in existence four and a half years.

Possible number of Subscribers, 75.

The amount at the credit of Subscribers, with interest, at 30th June last was Rs. 80,473 14a. 3p., and the separate profit account was Rs. 32,850 7a. 6p.

In the event of Government sanctioning the application of the State Railway Provident Fund Rules, the profits would be distributed, and a contribution of 50 per cent. on the total amount would be given.

The question of past service must also arise here in the case of many officers, because the fund has been so short a time established.

Sn 243
1/8

Pub Wks
4801/90

Form No. 1.

PUBLIC WORKS DEPARTMENT.

OFFICE OF CONSULTING ENGINEER FOR RAILWAYS,

Madras, 21st May 1890.

Print

Letter from the Agent and Manager, Madras Railway, No: 283, dated 12th March 1890 and enclosures.

No. 364

Submitted for the favourable consideration of Government, and for transmission to the Government of India.

~~SUBMITTED~~.

Print

2. The Agent and Manager, Madras Railway submits a letter from his Board of Directors recommending the introduction on the Madras Railway of the Provident Fund Rules now in force on the State Railways in India; he adds that the want of such a provision against retirement is felt by

by the staff to be a great and unmerited hardship, and earnestly hopes that Government may now be prepared to adopt a more favourable view of the case.

3. In 1875 a carefully elaborated scheme was prepared by the Madras Railway Board which was forwarded for the consideration of the Government of India. That Government however was not prepared to approve of it, but proposed that the question should be discussed at the Railway conference to be held in Calcutta in January 1877. The Conference was

was postponed until January 1880 when the subject was brought up, and the Government of India then settled that the question could only be considered after it had been thoroughly discussed and favourably recommended by the Board of Directors. On this the Chairman of the Madras Railway Board submitted a Memo. in which the Board expressed an opinion that the introduction of such a measure would be in the highest degree desirable, and considered that the effect of the

indulgence

indulgence would lead to a saving of money. This Government forwarded the memo with an expression of general concurrence.

4. The scheme was negatived by the Secretary of State in his despatch No: 53 R, dated 10th June 1880 on the grounds that no contribution should be made by Government to the Provident Fund of any guaranteed Railway Company unless an equal contribution was made by the Shareholders.

5. In consequence of

of the Madras Railway not having as yet paid its guaranteed interest, it is impossible to obtain a contribution from the Shareholders, and thus the servants of the Company are debarred from obtaining any contribution to their Provident Fund from the Revenue of the line.

6. The Board in their No: 827 dated 24th January 1890 to the Agent and Manager now consider it desirable to bring the matter forward again, and recommend that the grant of retiring allowances be accorded to the staff of the Madras

Railway

Railway in the same form as that which has been found to be practicable on State Railways, and in the memorandum attached they state that a contribution from Revenue of 50% on amounts of subscriptions would largely benefit the staff

7. The Secretary of State's despatch appears to be framed on the assumption that the incentive to zeal is dependent on the contribution to the Provident Fund being based on the realisation of surplus profits; whereas to

to the Railway servants who probably do not regard the line as one likely to pay its guarantee, a stronger inducement would be afforded by basing the contribution on the net profits. The introduction of a state aided provident fund would further benefit Government by assisting in the retention on the line of the best officers, as they would have something to look forward to on retirement; and retiring gratuities could be abolished.

8. The circumstances which determine the paying properties of a line, though no doubt largely dependent on the exertions and capacities of the staff, are even more dependent on the country traversed and the traffic tapped. The Madras Railway is recognised as one of the best managed lines in India and its failure to pay the guaranteed interest is due to causes beyond the control of the staff, as its traffic has been seriously handicapped by the alignments imposed from Imperial considerations

considerations. It must also be remembered that the line was one of the Pioneer Railways of India and that consequently its capital cost was abnormally high.

Sidney Smith
Major R.E.
Dy. Comy. Engr. for Rys

Form No. 3.

Rs. Nos 679 R.D. 20.11.80
... 5128 R.D. 6.9.80
... 788 R.D. 26.3.70

P. W. Cue. 4801.

From

THE CONSULTING ENGINEER
FOR RAILWAYS,
MADRAS,

No. 364

Dated 20th
Received 21st } May 1890

No. of Enclosures. 2.

Subject.

Application from the Agent and Manager, Madras Railway for the introduction on the Madras Railway of the Provident Fund Rules now in force on the State Railways in India.

0/215 Sent again 1/8/7

K.

Print

Roy 15.7.90

No. 750.

MADRAS RAILWAY,
AGENT AND MANAGER'S OFFICE,
MADRAS, 12*th July*, 1890.

FROM

THE ACTING AGENT AND MANAGER.

To

THE CONSULTING ENGINEER FOR RAILWAYS,
Madras.

SIR,

I have the honour to submit in compliance with your request, an estimate of the cost of applying the Rules of the State Railway Savings Bank and Provident Institution to the Madras Railway.

2. The figures are given in two separate statements, viz :—

Statement No. 1. Shewing the estimate as called for, of applying the State Railway Rules in their entirety.

Statement No. 2. Shewing the estimate according to the draft proposal contained in a letter from the Board of Directors, No. 827 dated 24th January 1890 submitted with this office letter No. 284 dated 12th March 1890. This contains a part only of the benefits conferred by the State Railway Rules, it does not include the contribution from net earnings nor the final donation or bonus making up the total contributions to the fund, to a sum equal to the total amount paid into it by the subscribers.

3. In both estimates enginemen, artificers, &c., as specified in subsidiary Rule 20 are included ; these are paid by the month and subject to a month's notice of dismissal although on the Madras Railway rated by the day.

4. Employés drawing less than Rupees 15 a month are excluded.

STATEMENT No. 1.

5. Estimate shewing cost per month of applying to the Madras Railway the State Railway Savings Bank and Provident Institution Rules in their entirety exactly as laid down.

1	2	3	4	5	6
Sum of monthly salaries of all employés drawing upwards of Rs. 15 a month.	Sum of monthly deposits by subscribers as in column 1 at 1 anna in the rupee.	Bonus equal to one half of compulsory monthly deposits as in column 2.	Bonus equal to ½ per cent. of net earnings (monthly average).	Bonus to make up contributions to the fund equal to total amount deposited by the subscribers.	Total maximum monthly contribution payable to the fund.
Rs. 1,43,668	Rs. 8,979	Rs. 4,489	Rs. 1,475	Rs. 3,115	Rs. 8,979

STATEMENT No. 2.

Estimate for applying the State Railway Rules according to the draft proposal contained in a letter from the Board of Directors. This estimate is a modification of statement No. 1 and provides for part only of the full benefits conferred by the State Railway rules. It does not include the contribution from net earnings or the donation making up the total contribution to the fund to an amount equal to the total payments of the subscribers.

Rs. 1,43,668	Rs. 8,979	Rs. 4,489	Rs. ——	Rs. ——	Rs. 4,489

6. In each case column No. 6 is the sum of columns Nos. 3, 4 and 5 and represents the total maximum cost of applying the rules. Column No. 2 the monthly deposits by subscribers, is calculated on the assumption that all employés would deposit the maximum amount allowed, viz., one anna in the rupee of their pay. Column No. 4 the contribution from net earnings, is calculated from the returns of the half year ending 31st December 1889.

7. The figures given are not accurate but they are believed to represent a sufficiently close approximate estimate for the purpose required. Exact figures worked out from the actual pay of each individual would take a considerable time to prepare.

8. A copy of the letter from the Board of Directors before alluded to is enclosed for convenient reference; in it is a statement shewing that on the Madras Railway a Provident Fund open to all those drawing under Rupees 200 a month, has been in existence since October 1869 and a Savings Bank limited to those only who draw upwards of Rupees 200 a month, has been open since July 1885.

9. The former known locally as the Provident Fund, has been assisted by the interest accruing on the Sick and Allowance Fund since 1870. The Sick and Allowance Fund absorbs all fines levied and in the event of the State Railway Rules being granted, it is proposed to devote this Fund for the provision of grants to those employés drawing under Rs. 15 a month, who are excluded from the benefits of the State Railway Rules.

10. On the establishment of the State Railway Rules as applicable to the Madras Railway, the existing Madras Railway Provident Fund might possibly be absorbed into the new fund, the money available being credited pro rata to the original subscribers. On the other hand the Madras Railway Savings Bank which has only been established a very short time, should it is thought be wound up and the money accumulated be returned to the subscribers.

11. No provision is made in these estimates for past services but in the hope that Government would be willing to make some concession in favour of those who because they have already spent many years in the service of the Railway, cannot now hope to derive the full benefit from this fund which those who only recently joined may look forward to enjoy, I venture to cite as a precedent, the Superannuation Fund established by the London Railway Clearing House which allowed to its old employés the option of participating by paying in the subscriptions they would have paid, had the fund been in existence, up to a limit of 10 years before its actual establishment.

12. On this basis I add a supplementary estimate shewing the amount which would have been subscribed under the State Railway Rules during the last 10 years, by all employés, except those who drew under Rs. 200 a month and who were therefore provided for by the Madras Railway Provident Fund; and on the assumption that they all could and would pay down at once if allowed to do so, the whole of such arrear subscriptions, the estimate shews the amount of contribution required to benefit these payments under the same conditions as proposed for the new subscriptions.

13. There are however still in the service, officers and servants, 25 in all, whose length of service extends to 20, 25 and 30 years. The time when many of these who have practically passed their lives in the service, must of necessity retire, is near at hand and they have confidently hoped that Government would be pleased to recognise their long and meritorious service by the grant of gratuities on retirement. Such gratuities have hitherto been estimated on a basis of one month's pay for each year of service or of a sum at least equal to six months' pay and it is manifest that the case of those who hope to receive these gratuities would not be fully met by the contribution which under the proposed rules might be added to their subscriptions, even when allowed to pay down at once arrears equal to what they would have subscribed during 10 years.

14. The figures are given as before in 2 statements under the conditions explained in para. 2 and shew for each the maximum cost of establishing the fund with donations in proportion to the subscriptions which would have been paid in during the last 10 years, if the fund had been in existence during that time, by all those now in the service who drew upwards of Rs. 200 a month.

15. Estimate of the cost of establishing on the Madras Railway a Provident Fund according to the State Railway Rules, on the basis of allowing all those now in the service, except those who drew less than Rs. 200 a month, to participate by paying down in a lump sum an amount equal to what they would have subscribed during the last 10 years had the fund been in existence so long.

STATEMENT No. 1.

State Railway Rules applied in their entirety exactly as laid down.

1	2	3	4	5	6
Total amount of salaries drawn during the last 10 years by all those now in the service who drew more than Rs. 200 a month.	Total amount of deposits which would have been paid by subscribers as in column 1 at one anna in the rupee.	Total bonus for 10 years equal to half the total deposits as in column 2.	Total bonus equal to* per cent. of net earnings for 10 years up to Dec. 1890.	Total bonus to make up contributions to the fund equal to total amount of 10 years subcriptions as in column 2.	Total contribution required to establish fund.
Rs. 30,06,000	Rs. 1,87,875	Rs. 93,940	Rs. 93,935	Rs.——	Rs.1,87,875

*½ per cent. of the net earnings for 10 years up to Dec. 1890 amounts to Rs. 1,33,787 considerably more than the sum required.

STATEMENT No. 2.

On the basis of the proposal contained in a letter from the Board of Directors. This estimate is a modification of No. 1 and provides for a part only of the full benefits conferred by the State Railway Rules.

Rs. 30,06,000	Rs. 1,87,875	Rs. 93,940	Rs.——	Rs.——	Rs. 93,940

16. To recapitulate, the estimated cost of applying the State Railway Savings Bank Rules to the Madras Railway is equivalent to a monthly contribution to be added to the amount paid by the subscribers of:—

1. According to the State Railway Rules in their entirety. ... ... Rs. 8,979

2. According to a draft proposal by the Board of Directors omitting some of the benefits of the State Railway Rules. ... ... Rs. 4,489

17. And to admit of participation by old employés to the limit of 10 years back payments a single contribution on first establishment of the Fund of:—

1. On the basis of the State Railway Rules in their entirety. ... ... Rs. 1,87,875

2. On the basis of the proposal by the Board of Directors as above under 2. ... Rs. 93,940

I have the honour to be,

Sir,

Your most obedient servant,

Acting Agent and Manager.

Enclosure to letter from Ag. Agent and Manager, Madras Railway, to Consulting Engineer for Railways No. 750, dated 12th July, 1890.

No. 827.

MADRAS RAILWAY COMPANY,
61, NEW BROAD STREET,
LONDON, *24th January*, 1890.

SIR,

Proposed Provident Fund.

Among the subjects discussed with Mr. Hanna since his recent arrival in England is the question of the introduction on the Madras Railway of the Provident Fund or Savings Bank Rules now in force on the State Railways in India.

2. This subject has been repeatedly urged by the Board upon the attention of Government, and reasons from time to time have been advanced to show why the benefits enjoyed by the employés of State Railways ought not, in justice, to be denied to a staff of officers engaged in the same Imperial cause, simply because the net earnings of the Madras Railway have not yet reached the rate of interest guaranteed by the State.

Board's letter to Agent, No. 564, dated 3rd December, 1875.
Memorandum by Chairman, dated 25th June, 1880.
Proceedings of the Madras Government, No. 679 R., dated 20th November, 1880.
Chairman's Memorandum, dated 1st June, 1886, forwarded to the Secretary of State with letter No. 7,115, dated 8th June, 1886.

3. The Board have no desire to repeat these arguments at length; it is enough to refer to the papers noted in the margin. The establishment of a voluntary Fund or Savings Bank in 1885 was not regarded by the Board as a final settlement of the question. They have always desired that a satisfactory Provident Fund scheme should be established; and it was confidently hoped that should this voluntary effort prove to some extent successful, it would eventually obtain substantial recognition by the Company, with the consent of the Government, and be aided by a regular contribution from the Revenue of the line.

4. The Government of Madras is well aware of the marked improvement which has attended the working of the Madras Railway of recent years, an improvement which is largely due to the high character of the management, and to the energy, ability and devotion to duty of the officers of every department of the Railway.

5. The Board think it right to bring the matter forward again at this time, and they recommend, on the score of economy as well as justice, that the grant of retiring allowances be accorded to the staff of the Madras Railway in the same form as that which has been found to be practicable on the State Railways.

6. They trust that their recommendation will be cordially supported by the Government of Madras, and that when submitted to higher authority, the subject will be favourably considered.

7. The mode in which the State Railway Rules can be applied to the existing Funds of the Madras Railway is suggested in the accompanying Memorandum: but in the application of the Rules it will be desirable to make no distinction in the treatment of these Funds.

8. It is assumed that an amount equal to half of the contributions to the Funds will be given out of the Revenue each half-year, but any percentage on net earnings would depend upon the Railway earning surplus profits.

I am, Sir,
Your obedient Servant,
(Sd.) JULIAN BYRNE,
Secretary.

To the Acting Agent and Manager,
Madras Railway,
Madras.

MADRAS RAILWAY PROVIDENT FUND.

Limited to Employés drawing Salaries of less than Rs. 200 per mensem.

The provident Fund was established in October, 1869, and has consequently been in existence over twenty years.

Number of contributors, over 2,600.

The Subscribers have been assisted by the interest accruing on the Sick and Allowance Fund fron 1870, and the amount paid over on this account has been altogether Rs. 53,421 8a. 3p.

The balance at the credit of Subscribers on the 31st December, 1888, was Rs. 2,06,459 3a., of which the Subscribers' own payments amount to Rs. 1,16,688, and the interest and profits thereon to Rs. 89,771 3a.

There was a sum of Rs. 6,295 additional profits and reserve available for distribution at the same date.

Considering the long time this Fund has been established and the assistance already given to it, the contribution from Revenue as working expenses of the line of 50 per cent. on amount of subscriptions would largely benefit the staff.

The State Raliway Provident Funds make no provision for servants drawing less than Rs. 15 per mensem, and this limit should be maintained. The Sick and Allowance Fund will be ample to provide grants to servants below that limit.

MADRAS RAILWAY SAVINGS BANK.

Limited to Employés drawing salaries over Rs. 200 per mensem.

This was established on the 1st July, 1885, and has consequently been in existence four and a half years.

Possible number of subscribers, 75.

The amount at the credit of Subscribers, with interest, at 30th June last was Rs. 80,473, 14a. 3p., and the separate profit account was Rs. 32,850 7a. 6p.

In the event of Government sanctioning the application of the State Railway Provident Fund Rules, the profits would be distributed, and a contribution of 50 per cent. on the total amount would be given.

The question of past service must also arise here in the case of many officers, because the fund has been so short a time established.

REGISTER
NR 982
FILE
NR

Pw Let
6750/90.

FORM No. 1.

PUBLIC WORKS DEPARTMENT.

OFFICE OF CONSULTING ENGINEER FOR RAILWAYS,

Madras, 17th July 1890.

Print

Letter from the Agent and Manager, Madras Railway, No: 750, dated 12th July 1890 and enclosures.

No. 500

SUBMITTED to Government.

Cancelled

Print

Subject.—

continuation of this Office endorsement No: 364, dated 21st May 1890.

2. The Agent and Manager, Madras Railway submits statements exhibiting the monthly cost which would be incurred by introducing the State Railway Savings Bank rules. If the rules in their entirety are adopted the charge against

Revenue

Revenue would be Rs 8,979 but if the modified scheme suggested by the Board in their letter No: 827 dated 24th January 1890 be introduced the revenue contribution would only be Rs 4,489.

3. If these two proposals be considered with 10 years retrospective effect, additional lumps sum contributions of Rs 1,87,875 and Rupees 93,940 respectively would be necessary on first establishment.

Yours faithfully

Major R.E.

for Offg. Consg. Engr. for Cpo

Encl

Form No. 3.

PW Cor 6750

From

THE CONSULTING ENGINEER

FOR RAILWAYS,

MADRAS,

No. 500.

Dated 17th July 1890

Received

No. OF ENCLOSURES. /

Subject.

Submitting statement exhibiting the monthly cost which would be incurred on the Madras Railway by introducing the S.I.Rly Railways Savings Bank Rules.

Mdy. 21/7 R20-7-90

Letter from AM.

No. 750

Dated 12th July '90

Provident Fund.

To E. R.

This is an second endorsement on the same subject, & it will be necessary for an order of Govt: to issue asking for the information in this endorsement, such as:-

The Govt: desire to know what the cost of opening this class of Rly: under the proposed Provident fund for the Madras Rly: would amount to.

I cannot but add the second letter to the first endorsement without altering it & the Hon: Mem: has already written his remarks on it.

Col: Smith I believe intended to recommend it strongly & from what he said he thought Govt: would probably sanction it, but I have nothing in writing.

I think under the circumstances of the case the Govt: should be recommended to back it up, as they did once before in 1880 - see G.O. 512 Rly 6th Sept 1880

LS
17/7/90

PUBLIC WORKS DEPARTMENT,

RAILWAY BRANCH.

READ the following :—

Letter from the Agent & Manager Madras Railway No. 258 dated 12th March 1890, with enclosures.

FOR ORDERS.

I understand that at a consultation between Sir Charles Elliott, Col: Conway-Gordon, and Col: C.J. Smith during their recent visit of inspection, this question was discussed, and it was considered that if an application was sent to the Govt of India it would be well considered.

The agent states that the Midland, Nizams, Southern Mahratta, and Bengal Central Railways all receive State aid; the only ones that do not being themselves and the S.I. Railway.

As regards the Secretary of State's despatch, the same arguments holds good now as when it was written, and are just as forcible. The Madras Railway has

By all means send the proposal on, but I doubt its receiving favourable consideration. The State R.s would involve enhancement of salaries of at least 3/8 per cent, and I don't suppose it can be shown that the scale of salaries on the Madras line is below average to that extent. The cost of applying the State R.s rule could be estimated with sufficient accuracy without trouble, & I should like to know what it would be. We could never support a scheme for an annuity fund such as proposed in 1875.

W.S
25 May

Sent you 27/5

0/21/5 Mem. 23/5 R 25-5-90

0/2 Mem. 21/5 [illegible]

PUBLIC WORKS DEPARTMENT,

RAILWAY BRANCH.

19th July 1890

READ the following :—

Endorsements from the Consulting Engineer for Railways No. 364 dated 21st May and 17th July 1890.

FOR ORDERS.

The Madras Railway Company wish to establish a provident fund on State Railway lines or some modification thereof and as the Madras Railway does not pay its guaranteed interest the whole cost will have to be borne by the Government of India as it is not probable that the shareholders will voluntarily give up any portion of the 5 per cent guaranteed to them.

As the Government of Madras will not have to bear any part of the cost they are not primarily concerned in the matter which will have to be

C. A. W

Please say if I may send these papers to D. R.-

Rl.
26/5

To W

for orders.

Cw
26.5.90

Yes, the cost of applying the S[t] N[o] rules can be worked out for 18 mos. unofficially as desired. Rl
26.5.90.

already cost the Government a large sum in guaranteed interest, and the State may not probably care to incur a further annual loss.

The conditions under which the present staff entered the service are practically unchanged, and it may be assumed that the present salaries continue to attract efficient men.

If the proposal is favorably considered, a detailed scheme will be submitted embodying the necessary rules & regulations.

Sidney Smith
Major R.E.
Undersec[y] to Govt. P.W.D
Railway Branch

Madras
25[th] May 1890

By all means send the proposal on, but I doubt its receiving favourable consideration. The State Rys would involve enhancement of salaries of at least 3 1/8 per cent, and I don't suppose it can be shown that the scale of salaries on the Madras line is below average to that extent. The cost of applying the State Rys rules could be estimated with considerable accuracy without trouble, & I should like to know what it would be. We could never support a scheme for an annuity fund such as proposed in 1895.

W.S
25 May

Put up for 1/7

0/21/5 Mem. 23/5 R 25-5-90

PUBLIC WORKS DEPARTMENT,

RAILWAY BRANCH.

READ the following :—

Letter from the Agent & Manager Madras Railway No. 283 dated 12th March 1890, with enclosures.

FOR ORDERS.

I understand that at a consultation between Sir Charles Elliott, Col: Conway-Gordon, and Col: C.J. Smith during their recent visit of inspection, this question was discussed, and it was considered that if an application was sent to the Govt of India it would be well considered.

The agent states that the Midland, Nizams, Southern Mahratta, and Bengal Central Railways all receive State aid; the only ones that do not being themselves and the S. I. Railway.

As regards the Secretary of States' despatch, the same arguments holds good now as when it was written, and are just as forcible - The Madras Railway has

PUBLIC WORKS DEPARTMENT,

RAILWAY BRANCH.

19th July 1890

READ the following : —

Endorsements from the Consulting Engineer for Railways Nos 364 & 365 of 21st May and 17th July 1890.

FOR ORDERS.

The Madras Railway Company wish to establish a provident fund on State Railway lines or some modification thereof and as the Madras Railway does not pay its guaranteed interest the whole cost will have to be borne by the Government of India as it is not probable that the shareholders will voluntarily give up any portion of the 5 per cent guaranteed to them.

As the Government of Madras will not have to bear any part of the cost they are not primarily concerned in the matter which will have to

the

be settled by the Government of India who are in a position to deal with it as they have full knowledge of what has been done on other Guaranteed Railways similary situated.

I therefore recommend that the papers should be transferred to the Government of India for orders with the remark that this Government would be glad to see any measures carried out which would improve the prospects of the old servants of the Company on final retirement from the service.

J. Gray Hall Esq.
Offg: Joint Secretary to Govt. P.W.D.
Railway Branch.

FOR ORDERS.

1065-66R

approved
25/7/90

Offg. 1417
Offg 2/7 R 25-7-90

A.
From Orders

No. 1065 R

PUBLIC WORKS DEPARTMENT,

RAILWAY BRANCH.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

UNDER date the 25th July 1890

READ the following

Print

Endorsement from the Consg. Engr. for Rys. — } H.E. No. 364 dated 21st May 1890

Do. — Dt. — " — " — 500 — " — 17th July 1890

Print

25

Ordered to be forwarded for the orders of the Govt. of India with the remark that this Government would be glad to see any measures carried out which would improve the prospects of the old servants of the Company on final retirement from the service.—

H.E. No 1066 R, 25th July 1890

26P Forwarded

To Railway Engr for Rys
— " — Exor & Rlwds.

13/4

Offg
In Offg R
25/7/90

A

No 1065. 66 Rd 25th July/70.

6750.

of. of 18 | Madras.

PUBLIC WORKS.

Dated 17/8/90

Rcd. Encl.

G.O., 25 July 1890, No. 1065-WR.

State Ry Savings Bank.

Ordered that the propo of the Agent & Manager for introducing the Rules on the St Ry: be forwd to the Govt of India.

do do do

Forms for orders Proposals of the Agent & Manager for introducing the Rules on the St Ry.

W/V 8/7

17/8/90