14/7

Political (1897) Department.

ORDINARY MS.

G.O., No. 459

Dated 12th July 97

JUDICIAL

1/1/7

[Despatch Abstract.]

Rescinding proceedings of the Jud: dept: Com[n]: resolution of the Govt: of India issuing new rules for the grant of Exchange Compensation allowance.

T 11 7 97

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

FURTHER PAPERS.

~~G.O.~~ C	No.	Department.	Date.	G.O.	No.	Department.	Date.

956/97 (Asst. Tre)
Fin 1224/97 285-R
14-10-97.
666/98
Cno 720/99
941/88
Cno 1112/88
Cno 377/97
3118/88

Political Dept

8

Government {1897} of Madras.

FINANCIAL.

CS

W 459 & 12 July '97

Fin

Recorded with the remark that the Pol. Dept has no suggestions to offer.

Recd. 8-7- 1897. Enclosures Cno 720 & 12/7/97

Regd. Spare copies

Fin Dept (gen)

G.O., No. 491, 24th June 1897.

JUNE.

Exchange Compensation Allowance.

Communicating, with remarks, to the departments of the Secretariat resolution of the Government of India issuing new rules for the grant of —; and directing republication of the resolution in the *Fort St. George Gazette.*

GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

Read—again the following papers:—

G.O., No. 845, Financial, dated 30th August 1893.
" " 925 " " 20th September 1893.
" " 152 " " 21st February 1894.
" " 449 " " 8th June 1894.
" " 523 " " 6th July 1894.
" " 583 " " 1st August 1894.
" " 752 " " 19th September 1894.

Read—also the following paper:—

Resolution of the Government of India, Finance and Commerce Department (Salaries, Establishments, &c.—Compensation), dated Simla, the 31st May 1897, No. 2422-Ex.

Read—

Resolution by the Government of India, Finance and Commerce Department, No. 3624-A., dated the 18th August 1893, and annexure.
Resolution by the Government of India, Finance and Commerce Department, No. 3900-A., dated the 7th September 1893.
Resolution by the Government of India, Finance and Commerce Department, No. 661-P., dated the 6th February 1894.
Letter from the Government of India, Finance and Commerce Department, to the Government of Bengal, No. 2630-Ex., dated the 29th May 1894.
Resolution by the Government of India, Finance and Commerce Department, No. 3183-Ex., dated the 26th June 1894.
Letter from the Government of India, Finance and Commerce Department, to the Accountant-General, Punjab, No. 2743-P., dated the 31st May 1894.
Office memorandum from the Government of India, Finance and Commerce Department, to the Government of India, Public Works Department, No. 3571-Ex., dated the 16th July 1894.
Extract (paragraph 3) from a Military letter from Her Majesty's Secretary of State for India, No. 135, dated the 30th November 1893.
Letter from the Government of India in the Military Department, to the Controller of Military Accounts, Eastern Circle, Bengal, No. 2459-F., dated the 27th July 1894.
Resolution by the Government of India, Finance and Commerce Department, No. 4524-Ex., dated the 7th September 1894.
Letter from the Government of India, Finance and Commerce Department, to the Accountant-General, Punjab, No. 5568-Ex., dated the 3rd November 1894.
Letter from the Government of India, Finance and Commerce Department, to the Accountant-General, Bombay, No. 6143-Ex., dated the 18th December 1894.
Letter from the Government of India, Finance and Commerce Department, to the Accountant-General, Bengal, No 558-P., dated the 31st January 1895.
Despatch to Her Majesty's Secretary of State for India, No. 286, dated the 24th October 1894, and enclosure.
Despatch from Her Majesty's Secretary of State for India, No. 44 (Financial), dated the 14th March 1895.
Despatch to Her Majesty's Secretary of State for India, No. 273, dated the 25th September 1895.
Despatch from Her Majesty's Secretary of State for India, No. 20 (Financial), dated the 30th January 1896.
Letter from the Government of India, Finance and Commerce Department, to the Government of Bengal, No. 2624-A., dated the 17th June 1896.
Despatch to Her Majesty's Secretary of State for India, No. 311, dated the 28th October 1896, and enclosure.
Despatch from Her Majesty's Secretary of State for India, No. 44 (Financial), dated the 25th February 1897, and enclosure.

Resolution.—The rules annexed to this resolution are issued in supersession of all previous rules regarding the officers entitled to exchange compensation allowance, and the following additional explanations are given as to the principles on which these rules are to be applied.

2. It is to be borne in mind in applying the rules that Europe includes the English-speaking colonies, and that Eurasians who are not statutory natives of India are to be reckoned as Europeans.

3. As regards *officers appointed in England*, all Europeans so appointed, whether in the military or the civil service will be entitled to exchange compensation allowance unless their salaries are fixed in sterling, or unless they are specifically excluded from it by the terms of their engagement.

4. As regards *officers appointed in India*, they will not be eligible for exchange compensation allowance if they belong to the class to which an important privilege as to appointments in India is secured by the Statute 33 Vict., cap. 3. That class is thus defined in the statute:—

"The words 'Natives of India' shall include any person born and domiciled within the dominions of Her Majesty in India of parents habitually resident in India and not established there for temporary purposes only."

5. But before officers appointed in India and not excluded by the above test are eligible for exchange compensation allowance, two further qualifications are necessary—

(1) They must have been appointed either (*a*) to offices in which European qualifications are held to be indispensable or (*b*) to services and departments in which a proportion of Europeans is held to be indispensable.

(2) They must have been appointed as Europeans, and in the second case, for the purpose of maintaining the requisite proportion of Europeans.

6. It is not possible, without some little delay, to make complete lists of offices, services or departments falling within the categories (*a*) and (*b*) abovementioned. For the present the following orders are issued, and Local Governments and Departments are desired, as soon as possible, to make any recommendations for further inclusion in the lists, in order that definite orders may issue.

A.—Offices in which European qualifications are held to be indispensable.

7. The following are included—

(1) Appointments limited (or practically so) to barristers, or members of the Faculty of Advocates in Scotland.

(2) Appointments limited to persons who possess a special education or skill that is obtainable only in England, such as the higher medical appointments; appointments connected with special scientific investigation; engineering appointments in the cases where officers have been taken over from companies or specially appointed by reason of European experience (Civil Service Regulations, 703 and 709); skilled artizans with European training; appointments connected with Marine or Shipping.

(3) Appointments in services and departments which are in all but exceptional cases restricted to members of the Indian Civil Service or officers of the army. Officers not belonging to these two classes, who have in the past been admitted to these services and departments, will be entitled to exchange compensation allowance. In most cases this kind of admission has now ceased, and a substitute for it has been found in the admission of Provincial Service officers to listed posts. Officers admitted under these new rules are not entitled, as they do not comply with the second condition abovementioned, *viz.*, they have not been admitted as Europeans.

(4) Appointments which by practice or order are confined to men enlisted in the British Army.

B.—Services and departments in which a proportion of Europeans is held by the Government of India to be indispensable.

8. The only services and departments which have as yet been admitted within this category are those referred to in the orders of 1879 regarding appointment and promotion of Europeans. They are—

(1) the Account Departments, Civil, Public Works and Military, and the Forest Department so far as these are filled by appointment, after examination; and

(2) the Education Department in the case of persons appointed by the Secretary of State.

The following Departments—Opium, Salt, Customs, Survey, Mint, Public Works and Police.

These orders do not refer to appointments of which the pay is less than Rs. 200.

9. There is a further important restriction to be observed with regard to all these services and departments. Not all Europeans in these appointments are eligible, but only those who have been appointed "as Europeans" and "for the purpose of maintaining the proportion" of Europeans held to be indispensable.

10. To many of the departments named (perhaps to most of them) there are two avenues of admission. In the Account Departments there is admission by nomination and examination, and there is admission by promotion from the Subordinate Account Service. In most of the branches of the Public Works Department there is admission by appointment in England, and admission by appointment in India under regulations which are equally open to Europeans and Natives. In all these cases it is the first kind of appointment only which is designed to maintain the indispensable proportion of Europeans, and those appointed under the second method are not appointed as Europeans and for the purpose of maintaining the proportion, and they are therefore, under the orders now conveyed, not eligible. The same is the case, as has been pointed out, with "Provincial Service" officers admitted to "listed appointments."

11. The admission of officers holding subordinate and ministerial appointments is to be decided by the criteria above explained. In the main, those who are serving in subordinate positions will not fulfil the necessary conditions; but if there are subordinate offices, as doubtless there are, which in the public interest must at present be held by Europeans, the persons so selected for them will be entitled to draw the allowance. In the present resolution no orders are issued for the admission of such officers (except those which are sanctioned as offices to be held by British soldiers drawing a staff pay). But Local Governments and Departments will include in the recommendations they send with reference to paragraph 6 above any subordinate or ministerial offices which they consider to come under classes A and B above.

12. Rule XIII of the annexed rules, so far as it provides for the withdrawal of the exchange compensation allowance from officers who have been admitted to it under past rules, will not be brought into force until the proposed lists of appointments are considered and determined. When that is done, the limitation prescribed must be applied to all officers who do not come within the list. But meantime no person who is not clearly admissible within the instructions now issued should be admitted to exchange compensation allowance.

Order—Ordered, that the foregoing Resolution be published in the *Gazette of India*, and that it be circulated to all Local Governments and Administrations; to Departments of the Government of India; and to Heads of Departments subordinate to the Financial Department; with the request that the recommendations called for in paragraph 6 be made with all possible despatch.

Ordered also that it be communicated to all Accountants-General and Comptrollers for information and guidance.

(Signed) J. F. FINLAY,
Secretary to the Government of India.

Rules regarding the grant of Exchange Compensation.

His Excellency the Governor-General in Council is pleased to prescribe the following Rules in regard to the grant of Exchange Compensation, in supersession of those published with Resolution No. 3624-A., dated the 18th of August 1893, and other orders on the subject.

2. His Excellency in Council takes this opportunity of declaring that the grant of exchange compensation is a provisional addition to salary, calculated on the difference between the gold value of half salary at the market rate of exchange, and its value at a privileged rate which, for the present, is fixed at 1*s.* 6*d.* per rupee, subject to the condition that it shall in no case exceed in any quarter the amount of rupees by which 250*l.* converted at the privileged rate shall fall short of the equivalent of 250*l.* converted at the market rate.

3. The Government of India reserve to themselves full power at any time to reconsider the whole subject, without admitting any vested rights to receive the compensation in the form now sanctioned, or in any other form.

4. The object of granting Exchange Compensation is to secure certain classes of Indian public servants against serious depreciation of their emoluments by the fall in the sterling value of rupee salaries, so that they may be enabled to live according to their station, and that the public service may continue to attract recruits of the same high quality as heretofore.

Rules.

I. The grant of Exchange Compensation is deemed to be justified on the considerations stated above, in the case of those public servants only who supply the indispensable European element in the administrative body of Indian officials.

II. The officer's who fulfil the above conditions are,—

(1) Europeans appointed in England;

(2) Officers appointed as Europeans in India to offices in which European qualifications are held to be indispensable, or to services and departments in which a proportion of Europeans is held by the Government of India to be indispensable, and for the purpose of maintaining that proportion.

Europe, in the meaning of this Rule, shall be deemed to include the English-speaking colonies.

III. The Government of India shall from time to time determine what are the offices or services in which European qualifications are deemed to be indispensable.

IV. (1) No person hereafter appointed in India to such an office or service shall be eligible for Exchange Compensation, unless, on appointment, he shall be declared eligible by a certificate granted by the Indian Government by or under which such appointment is made.

(2) The certificate will set forth the grounds upon which the holder is deemed to be a European of the class described in Rule I.

(3) Such certificate shall not be given to any person who is qualified for appointment under 33 Vict., c. 3, sec. 6.

(4) The decision of the Government of India as to the granting or refusing of such a certificate is final.

V. Exchange Compensation is not admissible to—

(*a*) Persons temporarily appointed to the service of Government for a specified duty only, upon allowances definitely fixed for the particular case;

(*b*) Persons serving under a contract in which their allowances are definitely fixed, which is not preliminary to employment in one of the regular services of the Government, and five years of service under which have not elapsed;

(*c*) Persons who are not members of any regular service, and who are employed in a professional capacity (such as lawyers, teachers, lecturers, clergymen, medical men), without being debarred from the private exercise of their profession.

VI. If any part of an officer's salary is fixed in sterling, and is converted into rupees at the rate of exchange fixed annually for the adjustment of transactions between England and India, the allowance is payable only in respect of the excess, if any, of the portion of his salary not fixed in sterling, over the portion fixed in sterling.

When a wound or good service pension due to an officer serving in India is received by him in sterling in England, an abatement should be made from the exchange compensation drawn in India, the amount of the abatement being equal to the amount by which the equivalent of the sterling pension at the official rate of exchange is exceeded by that at the market rate fixed for the quarter for the payment of exchange compensation.

Subsidiary Rules.

VII. The allowance is granted in the form of a percentage on the officer's salary, which will be calculated by the Comptroller-General each quarter, and notified by him about the 15th day of the final month in the preceding quarter. Subject to the limits prescribed in clause 2, it will be based on the amount by which the average demand rate of exchange in Calcutta during the quarter ending on the date named falls short of the privileged rate of exchange.

VIII. The percentage fixed for any quarter is applicable to all payments of salary falling due during that quarter. Thus the percentage for the July to September quarter applies to salary payable between the 1st of July and 30th of September, which ordinarily is the salary for June, July and August.

When salary is drawn for a portion of a month exchange compensation is admissible only for that portion of the month, and the maximum monthly limit, if applicable, must be proportionately reduced.

IX. The allowance is payable, month by month, with pay, and under the rules under which pay is drawn; and it will be charged as pay, but under a separate detailed head. In the case of officers whose emoluments are governed by the Civil Service Regulations, the allowance is admissible only on salary as defined in article 47. In the case of officers whose emoluments are governed by the Indian Army Regulations, it is admissible only on pay, Indian allowances, and Staff pay.

Deputation allowance does not come within the definition of "salary" in article 47 of the Civil Service Regulations and consequently exchange compensation is not admissible in respect of it. But if in any case deputation allowance has been specially permitted to count as salary for calculating leave allowance it may also count for exchange compensation.

X. Exchange compensation is admissible on leave allowances fixed in rupees and drawn in India.

XI. Exchange compensation is not admissible, under the orders of the Government of India, to Government officers in foreign service. The Government of India, however, so far as they are concerned, agree to the grant of it to such officers under the present rules and restrictions. But it is in each case for the foreign employer to decide in the first instance whether he is willing to grant the allowance or not. If he signifies his desire to give the allowance the sanction of the Local Government by whom the officer's services were lent should be applied for, with a full statement of the grounds on which the officer considers himself to be eligible for the allowance.

XII. Family remittances of pay are not permissible to any officer who is, at the time in respect of which the pay is due, in receipt of exchange compensation.

XIII. These rules shall come into force with effect from the 1st of April 1897, provided that officers to whom exchange compensation would not be admissible under these rules, but who have been admitted to it under the rules previously in force, will continue to draw it to the extent of the salaries they were drawing on the 1st of April 1897; but any increase in their salary after that date will be taken in reduction and ultimately in extinction of the claim to the allowance.

Order—No. 491, Financial, dated 24th June 1897.

Communicated to the departments of the Secretariat who will be requested, with reference to paragraphs 6 and 11 of the above resolution of the Government of India, to forward to the Financial Department, at an early date, proposals for completing the lists of offices, services, or departments falling within the categories (*a*) and (*b*) mentioned in paragraph 5 (1), together with a complete statement of the grounds for each recommendation.

2. All future applications for admission to the benefits of exchange compensation allowance will be dealt with in the Financial Department.

3. Heads of departments, in submitting applications from officers who are not at present in receipt of the allowance but who claim it under the rules now promulgated, will carefully observe the instructions in the above resolution, especially those in paragraph 9, and will furnish complete evidence on all points referred to therein with each application.

4. The resolution will be republished in three consecutive issues of the *Fort St. George Gazette.*

(True Extract.)

for *Chief Secretary.*

To the Ecclesiastical Department.
" Educational Department.
" Judicial Department.
" Legislative Department.
" Local and Municipal Department.
" Marine Department.
" Political Department.
" Public Department.
" Public Works Department.
" Revenue Department.

Copy to all Heads of Departments under the Chief Secretary.

Edc. A. F. Eccleston

When given for copying
When copied 14/7
When examined 15/7 15/7 } 189 7
When signed

READ AGAIN G.O., No. DATED
189 ,

CURRENT No.

ENCLOSURES TO C. No

ORDER OF GOVERNMENT	A	A	A	A	A	A	A	
LETTER OF GOVERNMENT.								
STATEMENT WITH DITTO.								
PAPERS NOT FILED UP, BEING MEANT FOR DESPATCH IN ORIGINAL.								

N.B.—
A = Copy in full.
B = Not to be copied.
P = Copy abstract only.
Q = Copy heading only.