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MADRAS RECORD OFFICE

GOVERNMENT OF MADRAS

Rev. DEPARTMENT

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Dated	10 June 1873 ~~196~~ .	

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Proceedings of the Madras Government, Public Department, 28th May 1873.

No. 93. Read the following letter from T. J. C. PLOWDEN, Esq., Officiating Under Secretary to the Government of India, Home Department (Public), to the Hon. W. HUDLESTON, Chief Secretary to Government, Fort St. George, dated Simla, 13th May 1873, No. 1691 :—

I am directed to forward, for information and guidance, the accompanying copy of a correspondence* with the Government of Bengal on the subject of public officers engaging in speculations.

* From Government of Bengal, No. 1445-G, dated 30th December 1872.
To Government of Bengal, No. 1495, dated 10th April 1872.

From C. BERNARD, Esq., Officiating Secretary to the Government of Bengal, to the Officiating Secretary to the Government of India, Home Department, dated Calcutta, 30th December 1872, No. 1445-G.

Referring to the notification of the Government of India in the Home Department, dated 28th August 1872, and published at page 814 of the *Gazette of India* of the 31st idem, on the subject of prohibiting public officers from engaging in speculations in India, I am directed to submit that the notification seems to the Lieutenant-Governor to put Local Governments in a position from which they may fairly ask to be relieved by a more exact definition as to what are the speculations which public officers may, and what they may not, engage in. I am to point out that it is notorious that, since the publication of the despatch of 1862, very many officers have engaged in what is commonly termed speculation ; that is to say, in the days of the Company mania they applied for allotments in the shares of many Companies, real and bubble ; they took shares in tea estates, mines, mills ; sometimes they bought and sometimes they sold.

2. The Lieutenant-Governor finds it impossible to draw a line between permanent investments and purchase with a view to resale, it being only a question of degree. It can be only said that it was commonly believed that some officers in Calcutta (and it is believed still more in Bombay) went into these things to such an extent that they were commonly spoken of in society as much addicted to speculation. Yet His Honour is not aware that action was taken or precise rule laid down. Such times may recur, and isolated cases probably do occur ; many servants of Government still hold shares in many undertakings, public and private, and the Lieutenant-Governor does not know what is to be considered a speculation and what not.

3. There are, moreover, certain public officers who also engage in private business, *e.g.*, law officers, and some as the Administrator-General, who apparently have always held themselves entitled publicly to serve as Directors of public Companies.

4. The whole of the Uncovenanted Service are furthermore under rules prohibiting them from speculating, taking farms, buying land in their own districts ; but I am to inquire whether they may be permitted to do so in the next district. May a European Uncovenanted Deputy-Collector take farm under a Zemindar in a district other than that in which he is for the present employed ? May he plant and manage a tea garden beyond the limits of his district ? And may a Covenanted servant do so beyond the limits of his province ?

5. The Lieutenant-Governor desires me to submit that some definition by the Government of India of the question is much needed ; and I am also to ask how far the Local Government is bound to search out such cases.

From A. C. LYALL, Esq., Secretary to the Government of India, Home Department (Public), to the Secretary to the Government of Bengal, Appointment Department, dated Fort William, 10th April 1873, No. 1495.

I am directed by the Governor-General in Council to reply to your letter, No. 1445-G, dated 30th December last, desiring some definition of the term "speculation" for use in applying the rule which prohibits officers from engaging in it.

2. The question here raised by His Honour points evidently to cases which lie beyond those particular dealings which are already prohibited by rule, such as investment in land within the district to which an officer belongs, connexion with the management of any bank or business, and other transactions barred by specific order. His Honour now inquires whether the Supreme Government would lay any formal restriction upon speculative investments generally, so as to regulate precisely what an officer may or may not do.

3. I am to reply that His Excellency in Council would not attempt to shape, for public servants, any such fixed rule of conduct in this matter. If it were possible to devise such a rule, the expediency of doing so would be questionable; for His Excellency believes that in practice the spirit of existing orders is beyond mistake—that it never can be really misconceived by officers in the service, and, therefore, that there can be no practical difficulty about enforcing these orders as they now stand.

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

5. His Excellency believes that these general instructions will be found to govern all the cases to which your letter alludes; and, if so, to those cases they may be applied. In regard to officers whose whole time is not at the disposal of Government, they are not in precisely the same category with other public servants; nevertheless if their behaviour gives rise to scandal, that is, to common rumour that they are in any way making private profit out of the opportunities given by their official position, in that event the Government can, of course, recognise no difference whatever between these and other servants of the State.

6. In regard to the precise questions proposed by the fourth paragraph of your letter, I am directed to say that the Governor-General in Council cannot, for the present, go in his reply beyond a simple reference to the rules as they stand already. His Excellency does not entirely apprehend whether these questions are here raised to illustrate doubtful points under the existing rules—or cases which have been altogether omitted, and which require, in His Honour's opinion, to be brought within fresh rules. And His Excellency desires to reserve the whole subject of enlarging the actual rules for more ample review and deliberation.

No. 94. ORDER THEREON, 28th May 1873, No. 555.

To be recorded.

(True Extract.)

Acting Under Secretary,
for *Chief Secretary.*

To the Revenue Department.

Exd. J. Wright.

5 Separates
[illegible]

Pune 1873 Dept.
No 1646.

Govt. of 1873 Madras.

PUBLIC.

To

THE REVENUE DEPARTMENT.

Dated May 28th.
Read. June 9th } 1873 and.

G. O., 22d May 1873, No. 555.

MAY.
Nos. 93-94.

Recording correspondence of the Government of India with the Local Government on the subject of public officers engaging in speculation.

No 69
REGORDED.
10 June 73