

38306

CO533/485
KENYA

38306

PENSIONS TO ASIANY OFFICIALS WHO RETIRED PRIOR TO 21.7.20.

Previous

15157/58

Subsequent

R. 297	14/67
M ^r Flood	14/6
Sir C. Battersby	14/6
Sir J. Compton	15/6
Sir S. Holliday	15/6
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Col.
PENSIONS.
ASIANS.

1. ACTING GOV'S DEPUTY, KENYA: ... 47 CONF. ... 27.2.57. 2
Raises question of payment of pensions to Kenya Asian officials resident in India who retired prior to date of fixation of Colony's currency, and requests further expression of S. of S's views.

Sir C. Bottomley

There is nothing in this. I attach the report of the Select Committee & Mr. Pandya's effort will be found on pp. 18-19.

It amounts to the old tale that Govt. ought not to pay differently according to the place of residence.

I have not dug up the old papers because 15409/25 & the minutes thereon show the position.

Pre-1920 pensions were awarded in sterling & if the man went to India were paid in rupees at the current exchange. $Rp = 1/4 \pounds$
(15 to the \pounds).

A pensioner then who had $\pounds 100$ got $\pounds 100$ but because the rupee still gets Rs 1500, but because the rupee has gone to 1st 6^d that into Kenya $\pounds 111.10$.

In Kenya he also got paid in rupees but the rupee got fixed at 2/- & then the shillings became currency so he gets the equivalent of Rs 1500 at 2/- to the rupee, or Shs. $\frac{1500}{3000}$ /- . The alteration of the Kenya currency does not affect India & because a Kenya Indian gets a windfall is no reason for giving it to an Indian who has gone back. If the rupee goes up Kenya will have to face it & go on paying rupees.

As you said on 15409/25 the pensioner who lives in India gets just what he would have got if there had been no change. The one who lives in Kenya is luckier and is luckier than he need be because there was no necessity to convert his pension into rupees at 15 to the \pounds & then convert it into shillings at 2 to the rupee. It would be quite legal to take his sterling pension and just turn it into shillings.

As para 4 of the despatch points out a pension is not a contract, and also the Currency O in Council can't affect payments made in India.

? And I say there is no reason to alter the practice & that payments made in rupees in India cannot be affected by the E. A. currency changes.

V. S. O. Flood

Sir C. Bottley

You asked me to look further at this. 17

1A 22
Goverment with a good bit of trouble has worked out what has been happening. It will be seen that the pre 1920 pensioners who live in India cost Kenya more in sterling than in 1919 by the appreciation of the rupee from $1/4$ to $1/6$, but got less than they did between 1922 & 1929 when they got paid ~~sterling~~ in two shilling rupees.

Mr Shams ud Deen in specifying his case did not mention the fact that the man who more in sterling than he originally got.

V. L. O. 26/2
46.

Sir J. Campbell.

I should like you to see these papers. I think that as regards action on the despatch, the proposal in Mr. Flood's first minute is correct, but there is the point raised by Mr. Shams ud Deen as to the varying sterling changes which have been involved.

The decision here ^{was} that these pre-1920 pensioners living in India should receive the same number of Indian rupees as they did before the East African currency change was made. We know that the Government of India in February, 1920, ^{fixed} the rupee at 2/- gold, and that they were unable (in spite of a very large financial loss) to keep the exchange up to that rate. The exchange had fallen to $1/4$ by December, 1920, and was at $1/3$ in May, 1921.

I cannot understand why these pensions should have cost Kenya 2/- per rupee between 1922 and

8
and 1926. Can you say, as a matter of personal knowledge, whether

- (a) the exchange value of the rupee was at anything like 2/- during that period; and
- (b) whether the fixing of an official value of 2/- was maintained during that period?

Even if the answer to (b) is in the affirmative, I do not see why Kenya should not have bought at their exchange value the rupees required for paying these pensioners in India.

W. C. S.

14. 6. 37.

I left India in 1918. I was at the I.O from about 1919-1922.

2. Exchange ran up in 1919--due to the rising price of silver, the G of I had to go on raising the exchange value of the rupee to prevent melting. 1919 began with a rate of 18 7/16ths--and finished at 26 29/32nds! 1920 touched 32 5/16ths: in February, and was as low as 17 13/16ths: in December. 1921 varied (all these are end of the month figures) from 18 3/16ths: to a low of 16 25/32nds: . By 1922 the rate was more stable:-- 16 9/32 to 16 1/2. 1923 ranged from 17 17/32 to 16 5/16th; 1924 from 18 7/16 to 16 29/32; 1925 was almost steady at 18 7/16th: . 1926 had a high of 18 5/8ths; and a low of 17 5/16ths: . My vivid recollection--these things do not often happen--is that, for one glorious month, I drew pay at the I.O. (I was on a rupee basis) at the rate of 3/1d per rupee. Next to the S/S, I was the highest paid official there.

3. The Kenya sterling pension payment figures seem to me inexplicable. Apparently, they did nothing while the rupee was soaring; when it fell, they went on the £/ basis! They then stuck on that till 1929--when the rate was stable at 18 11/32nds: average for the year. It hardly varied between 1926 and now--average, say, 18 1/2d. In other words, they ignored the rocketing rupee of 1919-1921; when the rate was about its lowest they suddenly adopted the £/ basis; they kept on that--irrespective of the facts--till 1929; and they then did what they should have done years before.

4. The decision proposed seems correct. The pre-1920 salaries were apparently rupee salaries; the pensionary rights accrued as rupee rights, in respect of rupee salaries paid; these pensions, when they accrued, were rupee pensions, but "expressed for convenience in ~~rupee~~ sterling". The right and obvious thing is to pay the pensions, in rupees, the rupee amount being unvarying, and the Kenya Govt: paying in sterling whatever is required to provide the unvarying rupee amount in India.

There is of course a risk here:--but it seems a risk inseparable from the essential facts of the position. The 10th: June, 1937.

and really "a very little more" because since my 68-69 in 1920; they as usual 192-77. I am sure I am sure.

Campbell
15/6/37

x yr. we cannot in decency cut down their wages

5 yr. for course, first dealing with the question had to do as Mr. Flood had done and then raising the question of 1922-28

Key events which arise out of the Shams and Deen's speeches. [I am not glad to find that Sir J. Campbell shows any *impugnation*]

Web 15.6.37 alone

2 To Kenya - Conf (3) - (1 am) ^{23/9} cons - 23/9/37

3 Epist. dep. 124. 31.8.37. submits claims on the pension paid to Mr. Syed Kassim who retired in 1908.

This is curious. The Colony provided £62,500 a year in the Estimates from 1922 to 1928 for Syed Kassim's pension. He properly received, however, a much smaller sum. The same must have happened in a number of cases, but it seems best to say no more.

? Put by
C.F. W. Smith
8/9/37

99. 1/3
yes. he got his proper amount of rupees, and no more.

AIR MAIL

KENYA

No. 124

CONFIDENTIAL.



GOVERNMENT HOUSE
NAIROBI
KENYA

RECEIVED
6 SEP 1937
C. O. REGY

August, 1937.

Sir,

38306/372

With reference to your despatch Confidential

(3) of the 23rd June regarding pensions payable to Kenya Asian officials resident in India, I have the honour to make the following observations upon the pension paid to Mr. Syed Kassim who retired in 1908.

2. As existing records do not show why financial provision for this pension in the annual Estimates from 1922 to 1929 was made on a rupee exchange basis of Sh.2/-, it can only be assumed that the contingency of Mr. Kassim's return to one of the East African Dependencies during this period was envisaged.

In point of fact, however, Mr. Kassim was resident in India throughout the period in question and though the enhanced provision continued to be made for some seven years it should be emphasised that the pensioner was not actually paid in accordance with that provision. He was paid at the rate of 624 rupees per annum which in turn was debited to this Colony's funds at the then exchange value of the rupee which ranged from 1/4 to 1/6. The cost to the Colony, therefore, during the period 1922 to 1928 inclusive of the pension was less than £62.8.0.

I have the honour to be,
Sir,

Your most obedient, humble servant,

GOVERNOR'S DEPUTY.

THE RIGHT HONOURABLE
W. ORMSBY-GORE, P.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET, LONDON S.W.

2

C. O.

Mr. Grosmith 17/6/37

Mr. Parkin 17

Mr. [unclear] 17

Sir C. Parkinson.

Sir G. Tomlinson.

X Sir C. Bottomley. 18/6/37

Sir J. Shuckburgh.

Perm. U.S. of S.

Party. U.S. of S.

Secretary of State.

Ans'd. 3

Downing Street,

23 June, 1937.

Sir,

DRAFT. for consen.

KENYA.

CONFIDENTIAL. (3)

GOVERNOR.

I have etc. to acknowledge
 the receipt of Mr. Wade's Confidential
 despatch No. 47 of the 22nd of February
 in which he drew my attention to
 certain observations made in the Report
 of the Standing Finance Committee on
 the draft Estimates of Expenditure for
 the year 1937, in regard to pensions
 payable to Kenya Asian officials
 resident in India, who retired prior
 to the date of the fixation of the
 currency in the Colony at the rate of
 Sh.2/- to the Rupee or Florin.

2. I agree with the conclusion
 reached in the fifth paragraph of
 Mr. Wade's despatch, namely that there
 is no reason to alter the arrangement

FURTHER ACTION.

under

Indian who retired prior
 under which those of the pensioners concerned
 to the 2/11 of July 1920 and
 who are resident in E.Africa receive pensions

calculated on a Shilling basis, and those in

India receive a stated amount in Rupees, neither

being subject to exchange fluctuations. Since

payments made in Rupees in India cannot be

affected by the E.African currency changes, I

agree that the present practice in the case of the

pensioners who live in India is not inequitable.

These pensioners receive in fact just what they

would have received if there had been no E.African

currency changes.

Arising from Mr. Shamsud Deen's statement

it would appear that the *specific case* to which he

refers is that of Mr. Syed Kassim who retired in

1908. An examination of the Estimates of the

Colony since 1919 has revealed that the cost to

the Colony of this officer's pension has been as

follows:-

Estimates.	£
1919-1920	41. 12. 0.
1920-1921	41. 12. 0.
1922	62. 8. 0.
1923	" "
1924	" "
1925	" "
1926	" "

1927

C. O.

Mr.

Mr.

Mr.

Sir C. Parkinson.

Sir G. Tomlinson.

Sir C. Bottomley.

Sir J. Shuckburgh.

Perm. U.S. of S.

Perly. U.S. of S.

Secretary of State.

DRAFT.

Estimates.

1927	Rupasa 624	62. 8. 0.
1928	"	" "
1929	"	46. 16. 0.
1930 to date	"	" "

It is not clear to me, however,

having regard to the fact that between

the years 1922 and 1928, ~~the~~ the exchange

value of the Rupee ranged from 1/4d. to

1/6d., ^{why} the cost to the Colony ^{during these years} of Mr. Syed

in such cases as that of Mr. Syed
 Kassim's pension was based on a Rupee

exchange value of 2/-. I should be

obliged for your observations on this

point.

I have, etc.

(Signed) W. ORMSBY GORE

FURTHER ACTION.

Mr. Flood.

You asked me to check the statement made by Mr. Shamsud Deen to the Standing Finance Committee in connection with Pensions and Gratuities - page 18 of the Report of the S.F. Committee.

I have looked at the Estimates since 1919 to see how pensions paid to Asiatics were shown. Here are three cases taken at random. The first is the one mentioned by Mr. Shamsud Deen.

Syed Kassim (Retired 1908).

<u>Estimates</u>	£
1919-1920	41. 12. 0.
1920-1921	41. 12. 0.
1922	62. 8. 0.
1923	"
1924	"
1925	"
1926	"
1927 Rupees 624	£62. 8. 0.
1928 " "	"
1929 " "	£46. 16. 0.
1930 to date "	"

C.M. Rodrigues (Retired 1913).

<u>Estimates</u>	£
1919-1920	24. 5. 4.
1920-1921	24. 5. 4.
1922	36. 8. 0.
1923	"
1924	"
1925	"
1926	"

C.M. Rodrigues (Retired 1913).

Estimates

1927	Rupees 364	£36. 8. 0.
1928	" "	" "
1929	" "	£27. 6. 0.
1930 to date	" "	" "

M. X. Dantas (Retired 1912).

Estimates

1919-1920		22. 1. 9.
1920-1921		22. 1. 9.
1922		33. 2. 7.
1923		" "
1924		" "
1925		" "
1926		" "
1927	Rupees 331.32	£33. 2. 7.
1928	" "	" "
1929	" "	£24. 17. 0.
1930 to date	" "	" "

The Treasurer's statement that the pensioners to whom Mr. Shamsud Deen referred, earned their pensions in terms of rupees is not consistent with the minutes on 15409/25 in which it is stated that pre-1920 pensions were awarded in sterling.

It appears that the above pensioners received the rupee equivalent of their sterling pensions calculated at the following rupees rates:-

1919-1921	Rupees of 1/4d.
1922-1928	" " 2/-
1929 to date	" " 1/6d.

✓ copying in for keeping this

CAR. 1/6.

KENYA.

No. 47

CONFIDENTIAL



RECEIVED

27 MAR 1937

O. O. REGY.

GOVERNMENT HOUSE,
NAIROBI,
KENYA.

27 February, 1937.

Sir,

I have the honour to invite reference to paragraphs 176 to 179 of the Report of the Standing Finance Committee on the Draft Estimates of Expenditure for the year 1937, and, in accordance with the recommendation contained in paragraph 179, to ask for a further expression of your views regarding the payment of pensions to Kenya Asian officials resident in India who retired prior to the date of the fixation of the currency in the Colony at the rate of Shs. 2/- to the rupee or florin.

2. As you will be aware, this matter has formed the subject of considerable correspondence and the following despatches are relevant:-

The late Viscount Milner's Confidential despatch dated the 22nd January, 1921, and Colonial Office letter to the Secretary to the Treasury, dated the 31st May, 1920, enclosed therewith.

Mr. Winston Churchill's Confidential despatch dated the 30th July, 1921.

His Grace the Duke of Devonshire's Confidential despatch dated the 29th December, 1922.

His Grace the Duke of Devonshire's Confidential (9) dated the 12th November, 1923.

Mr. Amery's despatch No. 1266 dated the 15th December, 1924.

Your despatch No. 381 dated the 22nd April, 1925.

3. Mr. Pandya's argument is clearly stated in

paragraph 178

THE RIGHT HONOURABLE
W. ORMSBY-GORE, F.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET, LONDON S.W.

Treas / 1930/21 UGANDA

Treas / 51801/23

101 / 30452/24

O.A.G / 15409/25

Handwritten note: (2)

paragraph 178 of the Report. He states that he does not consider that it was fair for Government to take advantage of the drop in the value of the rupee. On the other hand, it must be observed that if the pensions in question were to be put on a sterling basis, Government could not avoid a gain at the expense of the pensioners, in the event of the rupee rising in value. It may, I think, be assumed that whichever the direction in which the rupee may move, the pensioners resident in India will claim to have their pensions calculated on the basis most favourable to them.

4. I understand the position in regard to pensions granted to Asians before the currency change to be that Government granted a pension of X rupees and has continued to pay X rupees to pensioners domiciled in India. If, however, a pension were held to be a contract, Government, under Article 2 of the Currency Order-in-Council 1921, would have been obliged to convert X rupees into 2X shillings so that the recipient would then have received 22½ rupees for every 15 previously received.

A pension is not deemed to be a contract and there was considered to be no obligation on the part of this Government to increase the rupee receipts of pensioners in India - so long as Government paid the same number of rupees as it had promised to do it fulfilled its bond. But for pensioners who lived in Kenya Government did ex gratia give them the benefit of 30 shillings for every 15 rupees formerly paid.

5. It does not appear to me, therefore, that there

there is any good reason for altering the present arrangement under which those of the pensioners concerned who are resident in East Africa receive pensions calculated on a shilling basis, and those in India receive a stated amount in rupees, neither being subject to exchange fluctuations.

I have the honour to be,
Sir,
Your most obedient, humble servant,

Shagan

ACTING GOVERNOR'S DEPUTY.