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MADRAS RECORD OFFICE.

Government of Madras.

Confidential DEPARTMENT.

G.O. No. 511 Press Mis.
20-21

Dated 11-8- 1863.

20-21 18/19

Not to be folded or roughly handled

No. 20. Read the following Despatch from the Right Honorable Sir C. WOOD, Bart, Secretary of State for India; to His Excellency the Right Honorable the Governor General of India in Council, dated India Office, London, 30th May 1863, No. 90.

With reference to the charges of wear and tear and wages and victuals of ships of the Indian Navy employed in the 3rd Expedition to China, and included in the accounts of that Expedition which have been transmitted to this country, I forward in the packet for the information of your Government, copy of a correspondence that has passed between this office and the Lords Commissioners of Her Majesty's Treasury, from which you will observe that it has been agreed to withdraw from those accounts, the charges above referred to, on the understanding that no charge is to be made on India in regard to ships of the Royal Navy which have been employed on special Indian service.

2. The sums to be withdrawn from the accounts already transmitted to this country, will, as far as practicable, be adjusted here, but I have to request that the necessary instructions may be issued for the omission of all such charges from the accounts of the 3rd Expedition to China, which may hereafter be rendered either by your Government or by the Governments of Madras and Bombay, respectively.

From the Right Honorable F. PEEL, M. P.; to H. MERIVALE, Esq., dated Treasury Chambers, 2nd August 1862.

I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit herewith, for the information of the Secretary of State for India in Council, copies of three letters from the Board of Admiralty, dated the 10th March, 19th March and 21st July 1862, on the subject of the claims of your Department for wear and tear, wages and victuals on account of ships of the Indian Navy employed in the 3rd Expedition to China, with copies of the replies my Lords have caused to be addressed to them.

I am also to transmit copy of a statement which accompanied the Admiralty letter of the 21st ultimo, of sums disallowed in the claims for the abovementioned services and to return the enclosed vouchers.

From Lord CLARENCE E. PAGET, C.B.; to the Secretary to the Treasury, dated Admiralty, 10th March 1862, No. 2,200.

With reference to your letter of the 3rd instant, in regard to the large amount of claims still outstanding on account of the China war expenses, I am commanded by my Lords Commissioners of the Admiralty to transmit to you the accompanying copies of reports from the Accountant General, (dated the 7th instant,) and from the Comptroller of Transport services (dated the 28th ultimo,) on the subject, and my Lords request the decision of the Lords Commissioners of Her Majesty's Treasury on the question raised as to the claim of the India Department to be repaid the cost of wages and victuals of the crews and also the wear and tear of the vessels belonging to the Indian Navy employed in the conveyance of troops and stores to and from China. My Lords are of opinion that inasmuch as there are at all times vessels of war belonging to the Imperial Government employed in protecting the Coasts and Trade of the Indian possessions of Her Majesty, these claims should not be allowed unless corresponding charges are made on the Indian Government for the cost of maintaining Her Majesty's ships employed in Indian waters. The plea of certain portions of similar expenditure having been repaid to the late East India Company on the occasion of the former war in China does not appear to my Lords to hold good in the present instance, inasmuch as the East India Company paid half the expense of the war, whereas in the present instance the India Government has not, as my Lords understand, contributed to the expenses of the expedition.

From the Right Honorable F. PEEL, M. P.; to the Secretary to the Admiralty, dated Treasury Chambers, 14th March 1862, No. 4,171.

With reference to your letter of the 10th instant, enclosing copies of reports from the Accountant General of the Navy and the Comptroller of Transport service relative to the large amount of claims still outstanding on account of the China war expenses, I am directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you for the information of the

Lords Commissioners of the Admiralty, that my Lords consider that for the reasons stated in your letter the claim of the Indian Government for the wear and tear of the vessels belonging to the Indian Navy employed in the conveyance of troops to and from China is inadmissible.

The fact is such a claim having been admitted on the occasion of the first China war affords no ground for a similar concession on the present occasion, inasmuch as when the East India Company bore half the expense of the expedition, it was right to include in the counterclaims between the two Governments, every charge which would fairly be attributed to the war, but the present case is different, and the claim should not be admitted unless the Secretary of State for India in Council is prepared to admit a claim on the part of the Board of Admiralty on account of the employment of Her Majesty's ships on Indian service.

With regard to that part of the claim which refers to the wages and victuals of the crews of the Indian Navy, my Lords are of opinion that unless it can be shown that those crews were maintained for the purposes of the Expedition, this charge also cannot fairly be considered as an expense immediately connected with the war.

With reference to that part of the report of the Accountant General in which he states that £310,939-0-5 has already been paid to the Indian Department, and that £130,943-15-7 more will be paid in a fews days, I am desired to request that my Lords may be informed whether such payments have been made from Navy Funds, as large advances have been made to the India Office by this Department, from the vote of credit, on account of claims forwarded to the Admiralty and War Office, and my Lords are led to apprehend from this report that the same claims may have been paid twice over.

From Lord CLARENCE E. PAGET, C. B; to the Secretary of Her Majesty's Treasury, dated Admiralty, 19th March 1862, No. 4,171.

With reference to your letter of the 14th instant, I am commanded by my Lords Commissioners of the Admiralty to request you will inform the Lords Commissioners of Her Majesty's Treasury, that my Lords concur in their views that the claim of the Indian Government for the wear and tear of the vessels belonging to the Indian Navy employed for the conveyance of troops to and from China is inadmissible, and they are further of opinion that the claims for pay and victuals of their crews, &c., should not be entertained unless this Department are allowed to make counter claims for wages, &c., of ships of war employed on Indian service, and my Lords propose with the sanction of the Lords of the Treasury to disallow both claims.

My Lords request to be favored with an early answer on the above subject in order that these claims may be at once settled.

From G. A. HAMILTON, Esq.; to the Secretary to the Admiralty, dated Treasury Chambers, 21st March 1862, No. 4,573.

With reference to your letter of the 19th instant, relative to the claims of the Indian Government for wear and tear of vessels belonging to the Indian Navy employed in the conveyance of troops to and from China, and for the pay and victuals of their crews, &c., I am directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you for the information of the Lords Commissioners of the Admiralty, that my Lords approve of the disallowance of both these classes of claims on the grounds stated in their letter of the 14th instant.

From J. H. JESSE, Esq., Pro. Secretary; to the Secretary of the Treasury, &c., &c., &c., dated Admiralty, 21st July 1862.

With reference to the claims for re-payment of expenses incurred on account of the Naval Department by the Indian Government, in connection with the late China war, and to your letter of the 21st March last, stating that the Lords Commissioners of the Treasury approved of the disallowance of items for wear and tear, and wages and victuals of the crews of ships of the Indian Navy, on the grounds stated in the letter from this Department of the 14th March, I am commanded by my Lords Commissioners of the Admiralty to forward herewith a Statement (accompanied by schedules and vouchers) of the amounts disallowed on account of these expenses in the claims that have been adjusted up to the present time, in order that the vouchers may be returned to the India Office.

Proceedings of the Madras Government, Financial Department,
11th August 1863.

ADMIRALTY SOMERSET HOUSE, 17*th July* 1862.

A Statement showing the sums that have been disallowed under Treasury letter of the 21st March 1862, in the India Office claims adjusted up to the present time, as being for wear and tear and wages and victuals on account of ships of the Indian Navy.

Date of Treasury letter forwarding claims.	Letter marking Sub-Statement.	Particulars.	Amounts.
4th February 1861	A	Provisions.	
23rd April ,,	B	Wages, &c.	745 19 1
17th May ,,	C	Do.	2,039 14 4
13th July ,,	D	Do.	4,054 10 3
	E	Repairs, &c.	15 0 0
	F	Provisions.	15,640 3 6
	G	Wages.	3 7 10
23rd August ,,	H	Do.	91 19 2
26th Sept. ,,	I	Do.	13,442 10 1
27th Jan. ,,	K	Do. &c.	16,202 15 1
			30,848 4 4
			£83,084 3 8
Credits.			
26th Sept. ,,	L	Recovery of wages over-paid, &c.	10 10 4
27th Jan. ,,	M	Do.	2 10 11
			£13 1 3

From the Right Honorable F. PEEL, M. P; to the Secretary to the Admiralty, dated Treasury Chambers, 1st August 1862, No. 11,200.

With reference to Mr. Jesse's letter of the 21st instant, enclosing a statement of sums disallowed in the India Office claims for wear and tear, wages and victuals on account of ships of the Indian Navy employed in the 3rd expedition to China, I am directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you for the information of the Lords Commissioners of the Admiralty, that my Lords have forwarded to the India Office, copies of Mr. Jesse's letter and its enclosure, together with copies of the letters from your Department, dated the 10th and 19th March last, and the replies of this Board thereto.

The vouchers which accompanied Mr. Jesse's letters have also been transmitted to the India Office.

From J. COSMO MELVILL, Esq.; to the Right Honorable F. PEEL, M. P., Treasury Chambers, dated India Office, London, 16th October 1862.

I am directed by the Secretary of State for India in Council to acknowledge the receipt of your letter, dated the 2nd August last, forwarding correspondence with the Board of Admiralty, as to the re-payment of the charge for wear and tear, wages, &c., of vessels of the Indian Navy employed in the conveyance of troops and stores to and from China during the 3rd Expedition to China.

It does not appear to Sir Charles Wood to be necessary to advert to the considerations referred to in that correspondence or to what occurred at other periods as they seem to him to be irrelevant to the present question.

From the very outset of the proceedings in respect to this Expedition Sir Charles Wood considers it to have been determined by Her Majesty's Government that the whole expense incurred by the Indian Government in sending troops and stores from India to China, as well as the pay of the troops whilst there, and the expense of bringing them back to India would be defrayed from Imperial Revenues.

In the directions given to the Government of India in the autumn of 1859, on the subject, it was stated that "the expenses attendant on sending reinforcements to China should be placed "in a separate account and will hereafter be debited to the Imperial Treasury."

The correspondence from that time with every Department of the Government, including the Treasury, has been conducted on the principle thus understood, and no objection has hitherto been made to it.

In a letter from this office to Mr. Hamilton, dated the 27th January 1860, it was stated that the Government of India had been instructed to forward monthly statements with vouchers, "of all expenses incurred in aid of the Expedition," and that those statements would be forwarded to the Treasury immediately on their being received.

A subsequent letter to Mr. Hamilton, dated the 24th April 1860, forwarded an estimate of the charges to be incurred in India on account of the 3rd Expedition to China, including the items specified in the margin, and stated that the amount thereof, viz., £909,163, would probably become payable to the Secretary of State for India in Council during the year 1860-61.

Indian Government Steam ships from Calcutta wear, tear, wages, coals, &c.	£91,245
Do. do. previously in the China seas, about 6 say do. do. ...	£90,000
Do. River Steamers, wear and tear, wages, provisions, coals &c., conjectural	£3,000
Making...	£1,84,245

That estimate was remarked on in a letter from Mr. Hamilton, dated May 1860, but no objection whatever was made to the charge on account of the ships referred to.

A "further estimate consequent on Treasury letter 18th June 1860" was forwarded to the Treasury with Mr. Baring's letter, dated 27th June 1860. The total amount shown in that estimate was £1,637,328 and included,

"Indian Government Steam ships, wear and tear, &c., purely conjectural, £368,490."

To the item in question no exception was taken by their Lordships.

It has been more than once stated in Parliament by Sir Charles Wood, that the whole expenses of the Indian Government on account of the last Expedition to China, would be defrayed by the Imperial Government, and the Chancellor of the Exchequer stated in the House of Commons on the 12th July 1860, with reference to the operations in China:—"A large portion of "the expenditure is still to be defrayed through the medium of the East Indian Government, "but in consequence of the change which has taken place in the Government of the East Indies, "as well as the circumstances of the country, it has become our duty to ask the house to provide "at once the means to meet, as far as we can estimate it, the *whole* expenditure that will be in-"curred either directly by ourselves or indirectly by the Indian Government."

The Indian Government took up Transports to a certain extent and at much cheaper rates than the Imperial Government was able to do it, and it is obvious that the employment of these vessels of the Indian Government, was merely a substitute for Transports and much cheaper than the country ships. The expense of the "hire of the Indian Government Steam ships" was moreover expressly referred to by the Secretary of State for War as one of the items to be provided for by the Imperial Government in the debate in the House of Commons on the 12th July 1860, already referred to.

Under these circumstances Sir Charles Wood is unable to consent to any deduction on account of ordinary charges of Government vessels, from the amount of the actual expenditure shown in the statement received from India, and transmitted to the Treasury.

The vouchers forwarded with your letter are returned herewith.

From the Right Honorable F. PEEL, M. P.; to J. C. MELVILL, Esq., dated Treasury Chambers, 3rd March 1863, No. 15,318-62.

The Lords Commissioners of Her Majesty's Treasury have directed me to acknowledge the receipt of your letter of the 16th October last, and to acquaint you in reply, for the information of the Secretary of State for India in Council, that my Lords at once admit that items for the wear and tear and other charges of Indian Government Steam ships were included in the estimates furnished by the India Office of the charges to be incurred in India on account of the 3rd Expedition to China, without objection being raised to them by this Board.

Proceedings of the Madras Government, Financial Department,
11th August 1863.

It was the intention of Her Majesty's Government to admit freely and liberally the principle of all charges which could be shown to have been actually incurred by the Indian Government on account of the Expedition; although of course the propriety of allowing any particular items of account could only be ascertained on the separate examination of detailed vouchers in the Departments conversant with the services to which they relate.

In principle the charge for wear and tear of ships is sound;—whether it is convenient need not now be discussed; but in order that its application may be just, it requires to be reciprocal. If my Lords admit the charge on behalf of the Indian Government then it would also have to be admitted in favor of the British Government by that of India for corresponding services, but they conceive it to be clear that, whether the charge be admitted or disallowed, it must be admitted or disallowed on both sides alike.

When the vouchers relating to the expenditure for Transports; including the ships of the Indian Government, were examined at the Admiralty, that Board brought under the notice of my Lords the circumstance that Her Majesty's Ships of War had been employed on Indian service during the mutiny, and it was submitted that, on that ground, the claim for the wear and tear of Indian ships was inadmissible, and that the claims for pay and victuals of their crews should not be entertained, unless the Admiralty were allowed to make counter claims for wages, &c., of ships of war employed on Indian service during the mutiny.

My Lords will obtain from the Board of Admiralty an estimate of the charge which might be fairly brought against the Indian Government on account of the employment of Her Majesty's Ships in the Indian service, if Sir Charles Wood should on consideration think it right to treat the matter as a strict question of account between the two Governments.

From F. G. BARING, Esq.; to the Right Honorable F. PEEL, M. P., Treasury Chambers, dated India Office, London, 31st March 1863.

I am directed by the Secretary of State for India in Council to acknowledge the receipt of your letter, dated the 3rd instant, 15,518-62, relative to the account of expenditure defrayed by the Government of India in the 3rd Expedition to China.

You observe that in principle the charge to Imperial Funds for wear and tear of ships of the Indian Navy employed in the China Expedition, is sound, but that as Her Majesty's ships of war had been employed on Indian service during the mutiny, if the claim for wear and tear and pay and victuals of crews of Indian ships be admitted, a counter claim must be made for ships of war employed on Indian service.

In reply, I am directed to observe that in the correspondence transmitted with your letter of the 2nd August last, objection was taken by the Lords Commissioners of the Treasury and of the Admiralty to payment of the charges in question on the ground that, "as there are at all "times vessels of war belonging to the Imperial Government, employed in protecting the Coasts "and Trade of the Indian possessions of Her Majesty," the claim of the Indian Government could "not be allowed, unless corresponding charges are made on the Indian Government for "the cost of maintaining Her Majesty's ships employed in Indian waters."

The Secretary of State for India in Council was unable to admit that now for the first time, a charge should be made on the Indian Revenues for a portion of the expenses of ships of the Royal Navy employed in the general service of the British Empire although in Indian seas. At no time, when the number of ships of war employed in those seas, was far greater than at present, has any such claim been preferred by the Government of this country, and consequently no set off on that account, in respect of the charges of the China Expedition could be admitted. In regard to these charges, moreover, a distinct agreement quite irrespective of the ordinary course, had, as it appeared to Sir Charles Wood, been entered into (as stated in my previous letter) that they were to be re-imbursed to India.

Sir Charles Wood, however, is willing to admit that in respect to those ships of the Royal Navy like the "Shannon" and "Pearl" and to the Officers and men of the Naval Brigade who were drawn from their crews and who afforded such essential assistance in the suppression of the mutiny, India might reasonably be asked to re-imburse to the Imperial Exchequer the charges incurred.

Proceedings of the Madras Government, Financial Department,
11th August 1863.

Taking these circumstances into consideration, the Secretary of State for India in Council is willing to withdraw from the claims on account of the China Expedition, the charges for ships of the Indian Navy, employed on that service, on the understanding that no charge is to be made on India in regard to ships of the Royal Navy which have been employed on special Indian service.

Under this arrangement, it will be necessary that the vouchers applicable to those items, which will be withdrawn from the China Expedition account should be returned to this office.

From the Right Honorable F. PEEL, M. P.; to H. MERIVALE, Esq., dated Treasury Chambers, 14th April 1863, No. 5,067.

With reference to Mr. Baring's letter of the 31st ultimo, further relative to the claim of the Government of India to re-payment in respect of the wear and tear of ships of the Indian Navy employed in the 3rd Expedition to China, I am directed by the Lords Commissioners of Her Majesty's Treasury to express their Lordship's concurrence in the proposal of the Secretary of State for India to withdraw from the claims on account of the 3rd Expedition to China, the charges for ships of the Indian Navy employed on that service, on the understanding that no charge is to be made on the Government of India in regard to ships of the Royal Navy which have been employed on special Indian service.

P. S.—The vouchers are returned herewith as requested.

(True Copies.)

(Signed) E. H. LUSHINGTON,
Secretary to the Government of India.

No. 3,067.

ORDER.—Ordered that a copy of the above Despatch and of its enclosures be sent to the Officiating Accountant General to the Government of India for information, with a request that the instructions therein contained may be attended to.

Ordered also, that a transcript of the same Despatch and of its enclosures, be sent to the Governments of Madras and Bombay, respectively, for information with a request that the instructions therein contained may be carried out.

FORT WILLIAM,
FINANCIAL DEPARTMENT,
The 9th July 1863.

(Signed) E. H. LUSHINGTON,
Secretary to the Government of India.

No. 21.

ORDER THEREON, 11th August 1863, No. 511.

Communicated to the Deputy Auditor and Accountant General for his information and guidance.

(Signed) A. J. ARBUTHNOT,
Chief Secretary.

Exd. T. McMoolry.

Copy

7

Treasury Chambers
2d August 1862.-

Sir,

I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit herewith, for the information of the Secretary of State for India in Council, copies of three letters from the Board of Admiralty, dated the 10th March, 19th March and 21st July 1862 on the subject of the claims of your department for wear and tear, wages and victuals on account of ships of the Indian Navy employed in the 3d Expedition to China, with copies of the replies My Lords have caused to be addressed to them.-

I am also to transmit copy of a Statement which accompanied the Admiralty letter of the 21st ultimo of sums disallowed in the claims for the above-mentioned services and to return the enclosed vouchers.-

I am &c.a

(Sd) F. Peel

H. Merivale Esqre.-

Copy
2200

Admiralty
10th March 1862.

Sir,

With reference to your letter of the 3d Instant in regard to the large amount of claims still outstanding on account of the China War Expenses, I am commanded by My Lords Commissioners of the Admiralty to transmit to you the accompanying copies of Reports from the Accountant General (dated the 7th instant) and from the Comptroller of Transport services (dated the 28th Ultimo) on the subject. and My Lords request the decision of the Lords Commissioners of Her Majesty's Treasury on the question raised as to the claim of the India department to be repaid the cost of wages and victuals of the crews and also the wear and tear of the Vessels belonging to the Indian Navy employed in the conveyance of Troops and Stores to and from China - My Lords are of opinion that, inasmuch as there are at all times Vessels of War belonging to the Imperial Government employed in protecting the Coasts and Trade of the Indian possessions of Her Majesty, these claims should not be allowed unless corresponding charges are made on the Indian Government for the cost of maintaining Her Majesty's Ships employed in Indian Waters - The plea of certain portions of similar expenditure having been repaid to the late East India Company on the occasion of the former War in China does not appear to My Lords to hold good in the present instance, inasmuch as the East India Company paid half the expense of the War, whereas in the present instance the India Government has not, as my Lords understand, contributed to the expenses of the Expedition -

I am &c
W. C. Paget

To
The Secretary the Treasury -

Copy

Copy
4171

Treasury Chambers
14th March 1862

My Lord.-

With reference to your letter of the 10th Instant enclosing copies of Reports from the Accountant General of the Navy and the Comptroller of Transport Service relative to the large amount of claims still outstanding on account of the China War Expenses, I am directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you for the information of the Lords Commissioners of the Admiralty, that My Lords consider that for the reasons stated in your letter the claim of the Indian Govt for the wear and tear of the Vessels belonging to the Indian Navy employed in the conveyance of troops to and from China is inadmissible.-

The fact is such a claim having been admitted on the occasion of the first China War affords no ground for a similar concession on the present occasion, inasmuch as when the East India Company bore half the expense of the expedition it was right to include in the counter claims between the two Governments, every charge which could fairly be attributed to the War, but the present case is different and the claim should not be admitted unless the Secretary of State for India in Council is prepared to admit a claim on the part of the Board of Admiralty on account of the employment of Her Majesty's Ships on Indian Service.-

With regard to that part of the claim which refers to the wages and victuals of the Crews of the Indian Navy My Lords are of opinion that unless it can be shewn that those Crews were maintained for the purposes of the expedition this charge also cannot fairly be considered as an expense immediately connected with the War.-

With reference to that part of the report of the Accountant General in

in which he states that £310.939-0-5 has already been paid to the Indian Department and that £130.943-15-7 more will be paid in a few days. I am desired to request that My Lords may be informed whether such payments have been made from Navy funds as large advances have been made to the India Office by this Department, from the vote of credit, on account of claims forwarded to the Admiralty and War Office, and My Lords are led to apprehend from this report that the same claims may have been paid twice over. &c

I am &c
(Sd) F. Peel

The Secretary to the
Admiralty. &c

(Copy)
1171

Admiralty
19th March 1862

Sir,

With reference to your letter of the 14th instant I am commanded by My Lords Commissioners of the Admiralty to request you will inform the Lords Commissioners of Her Majesty's Treasury that My Lords concur in their views that the claim of the Indian Government for the wear and tear of the Vessels belonging to the Indian Navy, employed for the conveyance of troops to and from China is inadmissible and they are further of opinion that the claims for pay and victuals of their crews &c. should not be entertained unless this Department are allowed to make counter claims for wages &c. of Ships of war employed on India Service, and My Lords propose with the sanction of the Lords of the Treasury to disallow both claims

My Lords request to be favored with an early answer on the above subject in order that these claims may be at once settled. &c

I am &c
(Sd) C. Paget

The Secretary of Her Majesty's
Treasury. &c

Copy
4573

Treasury Chambers
21st March 1862.-

My Lord

With reference to your letter of the 19th instant relative to the claims of the Indian Government for wear and tear of Vessels belonging to the Indian Navy employed in the conveyance of Troops to and from China and for the pay and victuals of their crews &c. I am directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you for the information of the Lords Commissioners of the Admiralty, that My Lords approve of the disallowance of both these clases of claims on the grounds stated in their letter of the 14th instant.-

I am &c
(Sd) G. A. Hamilton

The Secretary to the
Admiralty.-

Copy.

b 15

Admiralty
July 21st 1862

To
The Secretary of the Treasury
&c &c &c

Sir

With reference to the claims for repayment of expenses incurred on account of the Naval De-partment by the Indian Government in connection with the late China War, and to your letter of the 21st March last, stating that the Lords Commissioners of the Treasury approved of the disallowance of items for wear and tear, and wages and victuals of the crews of Ships of the Indian Navy, on the grounds stated in the letter from this De-partment of the 14th March I am commanded by my Lords Commissioners of the Admiralty to forward herewith a Statement (accom-panied by Schedules and Vouchers) of the amounts disallowed on account of these expenses in the claims that have been adjusted up to the present time, in order that the vouchers may be returned to the India Office.-

I am &c
(Sd) J. H. Jesse
Pro Secretary.-

Copy

Copy.

Admiralty
Somerset House
17th July 1862.

A Statement shewing the sums that have been disallowed under Treasury Letter of the 21st March 1862. in the India Office Claims adjusted up to the present time, as being for wear and tear and wages and victuals on account of Ships of the Indian Navy.

Date of Treasury Letter forwarding Claims	Letter marking Sub Statement	Particulars	Amounts		
4th February 1861.	A	Provisions	745	19	1
	B	Wages &c			
23d April "	C	Do	2039	4	4
17th May "	D.	Do	4054	10	3
		Do	15	"	"
13th July "	E	Repairs &c	15.640	3	6
	F	Provisions			
	G.	Wages	3	7	10
23d August "	A	Do	91	19	2
26th September "	I	Do	13.442	10	1
7th January 1862	K	Do	16202	15	1
		Do &c	30848	4	4
		£	83084	3	8

Credits

26th September 1861	L	Recovery of wages overpaid &c	10	10	4
27th January 1862	M	Ditto	2	10	11
		£	13	1	3

17.

(Copy)

11200

Treasury Chambers
1st August 1862.

To
The Secretary to the Admiralty.

Sir,

With reference to Mr Jeffe's letter of the 21st instant enclosing a Statement of sums disallowed in the India Office claims for wear and tear, wages and victuals on account of Ships of the Indian Navy employed in the third expedition to China, I am directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you for the information of the Lords Commissioners of the Admiralty that My Lords have forwarded to the India Office Copies of Mr Jeffe's Letter and its enclosure, together with copies of the letters from your Department dated the 10th and 19th March last, and the replies of this Board thereto.

The Vouchers which accompanied Mr Jeffe's letters have also been transmitted to the India Office.

I am &c
S/ F. Peel.

Copy.

(Copy.)

India Office
London 16th October 1862.

To.
The Right Honble T. Peel M.P.
Treasury Chambers.

Sir,

I am directed by the Secretary of State for India in Council to acknowledge the receipt of your letter dated the 2d August last forwarding correspondence with the Board of Admiralty as to the repayment of the charge for wear and tear, wages, &c. of Vessels of the Indian Navy employed in the conveyance of Troops and Stores to and from China during the 3rd Expedition to China.

It does not appear to Sir Charles Wood to be necessary to advert to the considerations referred to in that correspondence or to what occurred at other periods as they seem to him to be irrelevant to the present question.

From the very outset of the proceedings in respect to this Expedition Sir Charles Wood considers

considers it to have been determined by Her Majesty's Government that the whole expense incurred by the Indian Government in sending troops and stores from India to China, as well as the pay of the troops whilst there, and the expense of bringing them back to India would be defrayed from Imperial Revenues.

In the directions given to the Government of India in the autumn of 1859, on the subject, it was stated that "the expenses attendant on sending "reinforcements to China should be placed in a "separate account and will hereafter be debited "to the Imperial Treasury."

The correspondence from that time with every Department of the Government, including the Treasury, has been conducted on the principle thus understood, and no objection has hitherto been made to it.

In a letter from this office to Mr. Hamilton dated the 27th January 1860. it was stated that the Government of India had been instructed to forward monthly Statements with vouchers, "of all expenses incurred "in aid of the Expedition", and that those Statements would be forwarded to the Treasury immediately on their being received.

A

A subsequent letter to Mr. Hamilton dated the 24th April 1860, forwarded an Estimate of the charges to be incurred in India on account of the 3rd Expedition to China, including the items specified in the margin, and stated that the amount thereof viz £ 909,163. would probably become payable to the Secretary of State for India in Council during the year 1860/61.

That Estimate was remarked on in a letter from Mr Hamilton dated May 1860, but no objection whatever was made to the charge on account of the Ships referred to.

"A" further Estimate consequent on Treasury letter 18th June 1860" was forwarded to the Treasury with Mr Baring's letter dated 27th June 1860. The total amount shewn in that Estimate was £ 1,637,328 and included,

"Indian Government Steam Ships. Wear & tear &c purely conjectural ——— £368,490"

To the item in question no exception was taken by their Lordships.

It has been more than once stated

Indian Govt Steam Ships from Calcutta
Wear, tear, wages, Coals &c. £91,245
Do Do Presumably in the Admiralty about to pay do do 90,000
Do River Steamers, wear & tear, wages, Provisions, Coals &c. Conjectural — 3,000
Making £184,245

2.

stated in Parliament by Sir Charles Wood that the whole expenses of the Indian Government on account of the last Expedition to China, would be defrayed by the Imperial Government, and the Chancellor of the Exchequer stated in the House of Commons on the 12th July 1860, with reference to the operations in China "A large portion "of the Expenditure is still to be defrayed "through the medium of the East Indian "Government, but in consequence of the "change which has taken place in the "Government of the East Indies, as well "as the circumstances of the Country, it "has become our duty to ask the House "to provide at once the means to meet, as "far as we can estimate it, the whole "expenditure that will be incurred either "directly by ourselves or indirectly by the "Indian Government".

The Indian Government took up transports to a certain extent and at much cheaper rates than the Imperial Government was able to do it, and it is

obvious

obvious that the employment of these vessels of the Indian Government was merely a substitute for transports and much cheaper than the Country ships. The expense of the "hire of the Indian Government steam ships" was moreover expressly referred to by the Secretary of State for War as one of the items to be provided for by the Imperial Government in the debate in the House of Commons on the 12th July 1860 already referred to -

Under these circumstances Sir Charles Wood is unable to consent to any deduction on account of ordinary charges of Government Vessels, from the amount of the actual expenditure shewn in the Statement received from India and transmitted to the Treasury.

The Vouchers forwarded with your letter are returned herewith -

I have &c

To J. Cosmo Melvill -

23

Treasury Chambers.
3d March 1863.

15318/62.

H. Melvill, Esquire, -

Sir,

The Lords Commissioners of Her Majesty's Treasury have directed me to acknowledge the receipt of your letter of the 16th October last, and to acquaint you in reply, for the information of the Secretary of State for India in Council, that My Lords at once admit that items for the wear and tear and other charges of Indian Government Steam Ships were included in the Estimates furnished by the India Office of the Charges to be incurred in India on account of the 3d Expedition to China, without objection being raised to them by this Board.

It was the intention of Her Majesty's Government to admit freely and liberally the principle of all charges which could be shewn to have been actually incurred by the Indian Government on account of the Expedition; although of course the propriety of allowing any particular items of account could only be ascertained on the separate examination

of

of detailed vouchers in the departments conversant with the services to which they relate.—

In principle the charge for wear and tear of ships is sound;—whether it is convenient need not now be discussed;—but in order that its application may be just, it requires to be reciprocal.— If My Lords admit the charge on behalf of the Indian Government then it would also have to be admitted in favor of the British Government by that of India for corresponding services, but they conceive it to be clear that, whether the charge be admitted or disallowed, it must be admitted or disallowed on both sides alike.—

When the vouchers relating to the expenditure for Transports, including the Ships of the Indian Government, were examined at the Admiralty, that Board brought under the notice of My Lords the circumstance that Her Majesty's Ships of War had been employed on Indian Service during the mutiny, and it was

submitted

submitted that, on that ground, the claim for the wear and tear of Indian Ships was inadmissible, and that the claims for pay and victuals of their crews should not be entertained, unless the Admiralty were allowed to make counter claims for wages &c., of ships of War employed on Indian Service during the Mutiny.

My Lords will obtain from the Board of Admiralty an estimate of the charge which might be fairly brought against the Indian Government on account of the employment of Her Majesty's Ships in the Indian Service, if Sir Charles Wood should on consideration think it right to treat the matter as a strict question of account between the two Governments.—

I am, &c.,

(Signed) F. Peel.—

India

India Office
London, 31st March 1863.

The Right Honble
T. Peel, M. P.,
Treasury Chambers.

Sir,

I am directed by the Secretary of State for India in Council, to acknowledge the receipt of your letter dated the 3d. Instant 15.578/62 relative to the account of expenditure defrayed by the Government of India in the 3d. Expedition to China.

You observe that in principle the Charge to Imperial Funds for wear and tear of Ships of the Indian Navy employed in the China Expedition, is sound, but that as Her Majesty's Ships of war had been employed on Indian service during the mutiny, if the claim for wear and tear and pay and victuals of crews of Indian Ships be admitted, a counter claim must be made for ships of War employed on Indian Service.

In reply, I am directed to observe that

that in the correspondence transmitted with your letter of the 2d. August last, objection was taken by the Lords Commissioners of the Treasury and of the Admiralty to payment of the charges in question on the ground that "as there are at all times vessels of war "belonging to the Imperial Government, em- "ployed in protecting the Coasts and Trade "of the Indian Possessions of Her Majesty," the claim of the Indian Government could "not be allowed, unless corresponding charges "are made on the Indian Government for "the cost of maintaining Her Majesty's Ships "employed in Indian Waters."

The Secretary of State for India in Council was unable to admit that now for the first time, a charge should be made on the Indian Revenues for a portion of the expenses of Ships of the Royal Navy employed in the general service of the British Empire although in Indian seas. At no time, when the number of Ships of war employed in those seas, was far greater than at present, has any such

claim

claim been preferred by the Government of this Country, and consequently no set off on that account, in respect of the charges of the China Expedition could be admitted.- In regard to these charges moreover, a distinct agreement quite irrespective of the ordinary course, had, as it appeared to Sir Charles Wood, been entered into (as stated in my previous letter) that they were to be re-imbursed to India.-

Sir Charles Wood however is willing to admit that in respect to those ships of the Royal Navy like the "Shannon" and "Pearl" and to the Officers and Men of the Naval Brigade who were drawn from their Crews and who afforded such essential assistance in the suppression of the Mutiny, India might reasonably be asked to re-imburse to the Imperial Exchequ the charges incurred.-

Taking these circumstances into consideration the Secretary of State for India in Council is willing to withdraw from the

the claims on account of the China Expedition, the charges for Ships of the Indian Navy, employed on that service, on the understanding that no charge is to be made on India in regard to Ships of the Royal Navy which have been employed on special Indian Services.

Under this arrangement, it will be necessary that the Vouchers applicable to those items, which will be withdrawn from the China Expedition Account shall be returned to this Office.-

I have, &c.a

(Sd) T. G. Baring-

5067

Treasury Chambers
14th April 1863-

A. Merivale, Esquire.-

Sir,

With reference to Mr. Baring's letter of the 31st Ultimo further relative to the claim of the Government of India to repayment in respect of the wear

and

and tear of Ships of the Indian Navy employed in the 3d Expedition to China, I am directed by the Lords Commissioners of Her Majesty's Treasury to express their Lordships' concurrence in the proposal of the Secretary of State for India to withdraw from the claims on account of the 3d Expedition to China, the charges for Ships of the Indian Navy employed on that Service, on the understanding that no charge is to be made on the Government of India in regard to Ships of the Royal Navy which have been employed on special Indian Service.—

I am, &c.a

(Signed) F. Peel.—

P. S.— The Vouchers are returned herewith as requested.—

(True Copies)

Ed. H. Lushington

Secretary to the Govt. of India—

125

X to Ins 16/7

Financial 18 St. Pay 510

India Office 31

London 30th May 1863.—

Financial

No. 90

To

His Excellency the Right Honorable the

Governor General of India in Council,

My Lord,

With reference to the charges of wear and tear and wages and victuals of ships of the + Indian Navy employed in the 3d Expedition to China and included in the accounts of that Expedition + which have been transmitted to this Country, I forward in the Packet for the information of your Government, copy of a correspondence that has passed between this Office and the Lords Commrs of Her Majesty's Treasury, from which you will observe that it has been agreed to withdraw from those accounts, the charges above referred to, on the understanding that no charge is to be made on India in regard to ships of the Royal Navy + which have been employed on special Indian + service.—

2 The sums to be withdrawn from the accounts already transmitted to this Country, will as far as practicable, be adjusted here, but I have to request that the necessary instructions x may

may be issued for the omission of all such charges from the accounts of the 3d Expedition to China, which may hereafter be rendered either by your Government or by the Governments of Madras and Bombay, respectively. —

I have the honor to be &c.
(Signed) C. Wood

No. 3067

Ordered that a copy of the above Despatch and of its enclosures be sent to the Officiating Accountant General to the Government of India for information, with a request that the instructions therein contained may be attended to. — Order

Ordered also, that a transcript of the same Despatch and of its enclosures, be sent to the Governments of Madras and Bombay, respectively, for information with a request that the instructions therein contained may be carried out. —

Fort William
Financial Department
The 9th July 1863

Ed. H. Lushington
Secy. to the Government of India

16-7

Financial. 1863 Despts

From.
Secretary to the
Government of India
Financial Depts
No 3067.

Dated 9th July
Rec'd 31st " } 1863.

Encl: 1

No 510

Forwards copy of a despatch from the Secretary of State, directing that charges for steam vessels, maps &c incurred on account of ships of the Indian Navy, may be withdrawn from the accounts of the 3rd Chinese Expedition, and request that the instructions therein contained may be carried out.

With an Order

No 511 dy 11th Augt 1863.

Communicated to Dy: Auditor & Actts General for his information & guidance

50 Dy. Auditor & Actts General Dispd. 13