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MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 478 Press / Mis.

Dated 19-10- 1868.

37-38 5/6

Not to be folded or roughly handled

Proceedings of the Madras Government, Financial Department,

19 *th October* 1868.

No. 37. Read the following Proceedings of Government in the Military Department, dated 2nd October 1868, No. 3868.

Communicating Despatch from the Secretary of State regarding the adjustment of expenditure on account of the Straits' Settlements, since their transfer from the Indian to the Imperial Government. } (Vide Proceedings, Military Department, dated 2nd October 1868, Nos. 74 & 75).

No. 38. ORDER THEREON, 19th October 1868, No. 478.

Communicated to the Accountant General.

(True Extract.)

(Signed) R. S. ELLIS,
Chief Secretary.

To the Accountant General.

Exd. J. Tulloch.

Govt. of Madras.

FINANCIAL.

To

THE ACCOUNTANT GENERAL.

Dated October, 19th.

Recd. Encl.

G. O., 19th October 1868, *No.* 478.

OCTOBER.

Nos. 37-38.

Forwarding Proceedings of Government, Military Department, communicating papers relating to the adjustment of expenditure on account of the Straits' Settlements, since their transfer from the Indian to the Imperial Government.

MILITARY DEPARTMENT.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

Read the following papers:—

From the Right Honorable the Secretary of State for India, India Office, London, (Political) 25th June 1868, No. 106; to His Excellency the Right Honorable the Governor General of India in Council.

I have received and considered in Council, the letter of your Excellency's Government, dated 30th April, No. 81 of 1868, in the Financial Department, relating to the adjustment of expenditure on account of the Straits' Settlements, since their transfer from the Indian to the Imperial Government.

2. The question now submitted for consideration is, whether the intervention of the Indian Government is necessary or desirable with respect to the Military charges of the Settlements. Your Excellency is of opinion that it is expedient that these accounts should be matters of departmental arrangement in England, without any intervention of the Indian Government, but that until the question of the Military occupation of the Straits is finally determined, it would not be advisable to disturb existing arrangements. In this opinion, Her Majesty's Government concurs so far as relates to these arrangements. When the question of Military occupation is finally determined, I will address you on the subject of the means of future adjustment.

No. 295.

Transferred to the Financial Department.

(By order.)

SIMLA, FOREIGN DEPT., 29*th July* 1868.

(Signed) H. LEP. WYNNE,
Under Secy. to the Govt. of India.

From the Comptroller General of Accounts, 6th January 1868, No. 4316; to the Secretary to the Government of India, Financial Department.

I have the honor to submit, for consideration and orders, copies of a letter from the Assistant Controller General of Military Expenditure, and of my reply, relative to the adjustment of accounts with the Straits' Settlements since their transfer to the Imperial Government.

No. 672, *dated* 30*th September* 1867.
,, 4315, ,, 6*th January* 1868.

If no specific arrangement has been made as to the settlement of Military Accounts for charges incurred after the withdrawal of Indian Troops from the Colony, I would suggest that a reference be made to the Secretary of State for instructions upon the subject.

From the Assistant Controller General of Military Expenditure, 30th September 1867, No. 672; to the Comptroller General of Accounts.

I have the honor, by desire of the Controller General of Military Expenditure, to bring under your notice an apparent conflict of orders relative to the adjustment of expenditure on account of the Straits' Settlements since their transfer from the Indian Government, which possibly may tend to embarrass the ultimate settlement of such transactions between the War and Colonial Departments and the Indian Government.

2. The orders on the subject passed by the Indian authorities are briefly:—

1st.—By Circular of Comptroller General of Accounts, No. 49, dated 29th November 1866, it was directed that all receipts and charges on account of these Settlements, were to be treated in precisely the same manner as transactions relating to Her Majesty's Colonial Governments of Ceylon, Mauritius, &c.

3. This referred to expenditure incurred in India for the Settlements in question.

2nd.—By the Proceedings of the Madras Government, Nos. 1922 and 2205, dated respectively 25th May and 17th June last, it was ruled that the Colonial Authorities at the Straits should supply the Ordnance Officers there stationed with the necessary funds, none being available

under the Madras Budget Estimate for the purchase of petty supplies, and that all stores required from the Indian reserve stock at the Straits should be issued to the Colonial Government on payment. From other Proceedings of the Madras Government No. 2167 of 14th June last, it appears that the value of certain medical supplies furnished to the troops in the Straits was ordered to be debited to the Colonial Government.

3rd.—By Secretary of State's despatch, No. 162, dated 7th June last, communicated with Military Department's dockets Nos. 177 and 178 of the 6th August last, it has been intimated that all expenditure incurred by the Indian Government from the date of the transfer of the Straits' Settlements (1st April 1867) in connection with the administration thereof, will be recoverable from the Imperial Government.

4. It now appears—Proceedings of the Madras Government, No. 2770 of 27th July 1867, (copy annexed),—that the Colonial Secretary has intimated that in the case of supplies to the Ordnance Department, as they are partly for Colonial and partly for Military service, they will be paid for by the Colonial Treasury, but all on the latter account (military service) will be charged to the debit of the Indian Government, as will be all other charges on account of the troops, subject to an eventual settlement between the Indian Government and the War Department, to which the Colony pays a Military subsidy of £59,000 per annum. This cannot, I am to submit, be a correct conclusion.

5. As, however, it has been found impossible when stores are laid in as a reserve, which is the case with Ordnance petty stores, to say what portion will be chargeable to the Colonial and what to the Military service, the Ordnance Officer has, according to a report received from the Controller Military Accounts, Madras, found it impracticable to obtain payment of the contractor's bills from the Colonial Treasury. Under such circumstances, the necessary funds have been taken up from the Executive Commissariat Officer at Singapore, and instructions issued for keeping separate accounts of the expenditure of the supplies for Civil and Military services, in order to their being separately debited to the Colonial Government; this being done until the relief of the Indian Troops from the Straits.

6. The course directed to be observed by the Controller at Madras, appears to be the only feasible one, in order to meet the exceptional ruling of the Colonial Secretary; but I am desired to remark that except in the indirect way above noted, no information respecting the adjustment of the Military charges incurred by the Indian Government on account of the Straits' Settlement by means of an annual subsidy paid by the Colony, has reached this office.

7. In reference to this arrangement, it has to be observed that the Indian Government will be debited in the Colonial Accounts with an expenditure for which it is in no way chargeable, and that in the Indian Accounts expenditure of a like nature will be debited to the Colonial Government. These opposite courses may tend hereafter to confuse any adjustments which may eventually be undertaken by the authorities at the India House.

8. The Controller of Military Accounts, Madras, is under the impression that the course of procedure stated by the Colonial Secretary at Singapore is to continue, and that a settlement is to be effected by the payment of an annual subsidy to the Indian Government, but this, I am to observe, is a misapprehension.

Letter of Controller of Military Accounts, Madras, No. 38 of 12th August 1867.

Para. 3. But it appears from a letter addressed by the Acting Colonial Secretary, Singapore, recorded in Proceedings of Government, No. 2770, dated 27th July 1867, that the system which obtained prior to the transfer of the Straits' Settlement, Government is still to continue adjustment being effected by the payment of an annual subsidy to the Indian Government by the War Department, a system quite at variance with the instructions of the Government of India above adverted to.

9. The arrangement, as far as the debit to the Indian Government is concerned, is seemingly the result of some mistake, or if not, it can only be intended to have effect until the relief of the troops borne on the Indian Establishment, and for this reason, *viz.*, that as the War Department is credited with an annual subsidy of £59,000 it is debited, under the head Indian Government, with the expense of the troops appertaining to that Government so long as they are located in the Straits. But even under this view, the debits made by the Colonial Government against the Indian Government are erroneous, as the expenditure will not be adjusted at all in the India Office it being a War Department debit. The mode of procedure, moreover, may prove an inconvenient one, as the Colonial Government may incur other charges really debitable to the Indian Government, which, as a matter of course, will be blended with the above charges not actually so debitable and thus lead to confusion.

10. The Colonial Secretary is unaware probably that the Military charges, for which the subsidy is granted by the Colony, are recoverable from the War Office through the Agents General for Crown Colonies, provided no Controller of Military Expenditure is located in the Colony.

11. I am now desired to request you will be good enough to afford any further information in your possession on the subject, and to favor this office with such further orders as the case calls for.

From the Comptroller General of Accounts, 6th January 1868, No. 4315; to the Controller General of Military Expenditure.

With reference to your letter No. 672 of the 30th September last, I have the honor to state that I am of opinion that, under the ruling of the Secretary of State's despatch, No. 162, dated 7th June 1867, to which you refer, it will be necessary to accept, in the first instance, the charge for Military expenditure in the Straits' Settlements so long as Indian Troops occupy the Colony, and hereafter to recover the amount through the Secretary of State, either from the War or the Colonial Office in England, as may be determined by the Imperial Government.

The despatch referred to being written in the Military Department, it is probable that it refers only to Army Expenditure, and, pending further instructions, I do not propose to make any change in the course prescribed for adjusting all Civil accounts directly with the Colony.

A reference will be made to Government upon the subject, and specific instructions requested as to the settlement of Military charges incurred in India on account of the Straits' Settlements, after the withdrawal of Indian Troops from that Colony.

No. 2770, dated 27th July 1867.

Proceedings of the Madras Government, Military Department.

Read the following paper:—

From the Acting Colonial Secretary, Singapore, 1st July 1867, No. 137; to the Secretary to Government, Military Department, Fort Saint George.

In reply to your letter, No. 1923 of date the 25th May, forwarding a correspondence relating to the provision of funds for the payment of petty ordnance stores supplied under contract with Ordnance Officer at Singapore, I am instructed by His Excellency the Governor to notify that the stores in question are partly for Colonial and partly for Military service, and that all, on the former account, supplied since the 1st April, will be paid for by the Colonial Government. The cost of the latter will also continue to be paid from the Colonial Treasury, but will be charged to the debit of the Indian Government, as are all other charges on account of troops, and a settlement will eventually be made between the Indian Government and the War Department, to which the Colony pays a Military subsidy of £59,000 per annum.

Order thereon by the Madras Government.

Communicated to Departments concerned.

From the Government of India, 3rd April 1868, No. 81; to the Secretary of State for India.

We have the honor to submit the papers noted in the subjoined list, relative to the adjustment of expenditure on account of the Straits' Settlements, since their transfer from the Indian to the Imperial Government.

2. The question raised in the correspondence is whether the intervention of the Indian Government is necessary or desirable in respect of the charges for Indian Troops, and for stores expended on Military services, in the Straits' Settlements.

3. The Colonial Authorities agree to pay these charges in the first instance, and debit them to the Indian Government for settlement with the War Office, to which the Colony pays a subsidy of £59,000 per annum. This arrangement appears to be actually existing now, but the method of adjustment is circuitous, and it must involve delay and possibly confusion in the eventual settlement of the accounts. The intervention of the Indian Government in this matter, does not seem to be necessary, and it would be a preferable course, in every respect, if the charges, which are of an imperial character, were settled directly between the Colonial and War Offices.

4. We deem it inexpedient, however, to disturb existing arrangements, until at least the question of the Military occupation of the Straits is finally determined. If the Indian Troops be withdrawn from the Straits, and the occupying Force consist, as was intended, of the Wing of a European Regiment, two Batteries of Artillery, and six Companies of the Ceylon Rifles, the Indian Government will cease, as a matter of course, to have any further concern in the expenditure of the Colony. But even in the event of Indian Troops continuing to form a part of the occupying Force, the expenditure for Military services connected therewith should, we consider, be settled directly between the Colonial and War Offices, and we have to request your sanction to this arrangement.

MILITARY DEPARTMENT, FORT WILLIAM, THE 1ST SEPTEMBER 1868.

No. 33.

Copy of the above forwarded to the Secretary to Government, Fort Saint George, Military Department, for the information of the Right Honorable the Governor in Council.

(By order,)

(Signed) O. R. NEWMARCH, Captain,

Offg. Asst. Secy. to the Govt. of India.

ORDER, No. 3868, 2nd October 1868.

Communicated to the Financial and Military Account Departments.

(True Extract.)

Major General,

Secretary to Government.

To the Financial Department. With 5 spare Copies
,, Controller of Military Accounts.
,, Inspector General of Ordnance.
,, Commissary General.
,, Inspector General Indian Medical Department.
,, Adjutant General,... ...
,, Quarter Master General,
} for information.

Exd. [illegible]

Copy
Fin. Dept.
No 3868
dated 2nd Oct 1868

Govt. of 1868 Madras.

Financial.

To

The Accountant General

Dated Oct. 19.

Recd. Encl.

G. O., 19 Oct. 1868, No. 478

Nos. 37. 38.

Forwarding Recs. of Govt., Milly. Dept., communicating papers relating to the adjustment of expenditure on account of the Straits' Settlements since their transfer from the Indian to the Imperial Govt.