M.R.O. 1—77,003—8-6-37.

(1) Number of pages_____

(2) Date of repair 16-16-40

(3) Initials of the Referencer_____

MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No.	1613	Press Mis.
37A-W37C.		37. A. 37.C
Dated	6-8-	1875.

11/12

Not to be folded or roughly handled

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Proceedings of the Madras Government, Financial Department, 6th August 1875.

Bengal Famine.

Read the following papers:—

No. 37-A. From A. O. HUME, Esq., C.B., Secretary to the Government of India, Department of Revenue, Agriculture, and Commerce, to the Hon. D. F. CARMICHAEL, Officiating Chief Secretary to Government, Fort St. George, dated Simla, 8th May 1875, No. 159.

Agriculture and Horticulture.—Famine.

I am directed to acknowledge the receipt of your letter, No. 535, dated 9th March last, regarding Messrs. Arbuthnot and Co.'s rice transactions with Government, and, in reply, to communicate, for the information of His Excellency the Acting Governor in Council, the following decision of the Government of India on the subject.

2. It appears that under the revised account D, prepared by the Comptroller-General and mentioned in the concluding paragraph of his letter, No. 68, dated the 18th January 1875, the balance due by Messrs. Arbuthnot and Co. on the advances made to them for the purchase of rice is Rupees 1,81,585-6-4. Of this claim, the Firm admit their liability to the extent of Rupees 1,16,690-4-10, and they also admit that they hold at the disposal of Government two further sums of Rupees 31,912-5-8 which represent the freight for the rice lost in the s.s. *Calcutta*, regarding which separate orders have been passed to the Comptroller-General (*vide* copy annexed), and Rupees 2,400 recovered on account of damage to rice shipped per *Nyanza*. Thus the amount now in dispute is reduced to Rupees 30,582-11-10.

3. As regards this difference, so far as it relates to short deliveries under the orders for the supply of rice, the explanation given by Messrs. Arbuthnot and Co. seems reasonable. The Comptroller-General holds that two of the orders given by Government (*viz.*, one in November 1873 and the other in March 1874) were absolute contracts for the delivery, in Calcutta, of a certain number of bags of rice in good and sound condition. But the Madras Government and the Firm, who were the actual parties to the contract, both agree that it was not an absolute one, but rather of the nature of an undertaking on the part of Messrs. Arbuthnot and Co. to ship rice to Calcutta at certain rates, circumstances permitting.

4. Thus, in the absence of any written contract, the Government of India has no alternative but to accept the statements of both the parties to the contract who entirely agree as to the facts of the transaction; and their statement seems to be borne out by the circumstance that, although Messrs. Arbuthnot and Co. engaged to ship the rice at Rupees 7-8-0 per bag, they subsequently sent forward a large quantity—nearly the whole—of it at a much lower rate, *viz.*, Rupees 7-2-6. If the arrangement had been of the nature of a definite contract to deliver a certain quantity of rice at a fixed rate in Calcutta, as is assumed by the Comptroller-General, no Firm, the Government of India believe, would have made such a reduction in the rates simply because they found that they could secure freight at a lower rate than they had anticipated.

5. The fact of Messrs. Arbuthnot and Co. having done this seems undoubtedly to bear out their statement and that of the Madras Government that

the contract was only a provisional one and was to cover costs, freight, and insurance; all risk beyond this being outside the contract. But as insurance does not cover damage and partial loss, which is always a charge against the ship and not against the shippers, the Governor-General in Council considers that the Comptroller-General's account should be modified to this extent, and further that Messrs. Arbuthnot and Co. should receive credit for all rice shown by bills-of-lading to have been shipped in good condition, this being the principle which is followed in the rice trade, and which has been followed in respect of the shipments of rice from Burma.

6. After adjusting the account of Messrs. Arbuthnot and Co. on the principles enuniciated above, I am to request that measures may be taken for the early recovery of the balance. Should a settlement on this basis be declined by Messrs. Arbuthnot, I am to request that the amount in dispute, as amended in accordance with this letter, may be referred for arbitration to such competent parties as the Government of Madras and Messrs. Arbuthnot may select.

From A. O. HUME, Esq., C.B., Secretary to the Government of India, Department of Revenue, Agriculture, and Commerce, to E. F. HARRISON, Esq., Comptroller-General, Calcutta, dated Simla, 8th May 1875, No. 158.

With reference to the correspondence ending with your letter, No. 516, dated the 15th utlimo, I am directed to request that the claim for Rupees 31,912-5-1, preferred by Messrs. Mackinnon, Mackenzie, and Co, for freight on the s.s. *Calcutta*, which was accidentally lost in the River Hugli, may be adjusted without delay in direct communication with that Firm.

2. I am also to request that, after you have obtained a guarantee from Messrs. Mackinnon Mackenzie, and Co. that they hold Messrs. Arbuthnot and Co. harmless in the matter of this claim, you will be good enough to request the authorities at Madras to call upon the latter Firm to repay the money advanced to them on account of freight on the s.s. *Calcutta*, which they hold in deposit.

No. 37-B. From E. F. HARRISON, Esq., Comptroller-General, to the Hon. D. F. CARMICHAEL, Officiating Chief Secretary to Government, Fort St. George, dated Calcutta, 19th May 1875, No. 719.

In compliance with the orders of the Government of India, contained in Revenue Department, No. 158, dated 8th May 1875, a copy of which was annexed to, and quoted in the second paragraph of, the letter, No. 159, of the same date, from the same department to your address, I have the honor to report, for the information of His Excellency the Governor, that the claim for Rupees 31,912-5-6, preferred by Messrs. Mackinnon, Mackenzie, and Co., on account of freight on the Government rice cargo sunk in the Hugli river in the s.s. *Calcutta*, has been under the advice of the legal advisers to Government paid to that Firm by this department.

2. I have now to submit the original letter of guarantee from Messrs. Mackinnon, Mackenzie, and Co. that they hold Messrs. Arbuthnot and Co. harmless in the matter of this claim, and solicit the favor of your obtaining the orders of Government to call upon Messrs. Arbuthnot and Co. to repay into the General Treasury at Madras the money advanced to them upon this account which they are holding in deposit.

(B)

From Messrs. MACKINNON, MACKENZIE, AND CO., Managing Agents, to F. DEH. LARPENT, Esq., Assistant Comptroller-General on Special Duty, dated Calcutta, 18th May 1875, No. 295.

In consideration of the Government of India paying to us the amount of freight due upon the cargo of rice brought forward from Barwah and Sonapore per s.s. *Calcutta* (arrived in Calcutta on 22nd April 1874), as embodied in our bill, No. 46—172, dated 18th May 1875, we hereby bind ourselves to hold Messrs. Arbuthnot and Co. of Madras, free from all liability in respect of the freight upon the said cargo.

No. 37-C. ORDER THEREON, 6th August 1875, No. 1613.

Communicated to Messrs. Arbuthnot and Co. As a settlement on the basis described appears to concede the whole of their contention, it is presumed that Messrs. Arbuthnot and Co. will accept it. They will be good enough to furnish an early reply.

(True Extract.)

Officiating Chief Secretary.

To Messrs. Arbuthnot and Co.
,, the Accountant-General.

Exd. J. Wright.

Govt. of {1875} Madras.

FINANCIAL.

To

Messrs. ARBUTHNOT and Co., &c., &c.,

Dated August, 6th.

Issued

Read.

Endd.

G.O., 6th August 1875, No. 1613.

AUGUST.

Nos. 37-A—37-C.

Bengal Famine.—Letter from Government of India, laying down a certain basis on which to adjust the amount outstanding against Messrs. Arbuthnot and Co. on account of rice supplied to the Government of India, communicated to the Firm for information as to whether they accept this terms offered.

(5) 18

No. 157

FROM

A. O. HUME, ESQUIRE, C. B.,

Secretary to the Government of India,

Department of Revenue,

Agriculture and Commerce,

To The Secretary to the Government of Madras,

Simla dated 8th May 1875.

Agric: & Horti:
Famine.

SIR,

I am directed to acknowledge the receipt of your letter ok. 535 dated 9th March last, regarding Messrs. Arbuthnot and Company's Rice transactions with Government, and in reply, to communicate, for the information of His Excellency the Acting Governor in Council, the following decision of the Government of India on the subject.

2. It appears that under the revised account D prepared by the Comptroller General and mentioned in the concluding paragraph of his letter ok. 68 dated 18th January 1875, the balance due by Messrs. Arbuthnot and Company on the advances made to them for the purchase of rice is Rs. 1,81,585-6-4. Of this claim, the Firm admit their liability to the extent of Rs. 116,690-4-10 and they also

admit

admit that they hold at the disposal of Government two further sums of — Rs. 31,912 - 5 - 8 which represents the freight for the rice lost in the S.S. "Calcutta", regarding which separate orders have been passed to the Comptroller General (vide copy annexed) and Rs. 2,400 recovered on account of damage to rice shipped per Kyanza. Thus the amount now in dispute is reduced to Rs. 30,582 - 11 - 10.

3. As regards this difference, so far as it relates to short deliveries under the orders for the supply of rice, the explanation given by Messrs. Arbuthnot and Company seems reasonable. The Comptroller General holds that two of the orders given by Government (viz: one in November 1873 and the other in March 1874) were absolute contracts for the delivery in Calcutta of a certain number of bags of rice in good and sound condition. But the Madras Government and the Firm who were the actual parties to the Contract both agree that it was not an absolute one, but rather of the nature of an undertaking on the part of Messrs. Arbuthnot and

and Company to ship rice to Calcutta at certain rates, circumstances permitting.

4. Thus in the absence of any written contract, the Government of India has no alternative but to accept the statements of both the parties to the Contract who entirely agree as to the facts of the transaction; and their statement seems to be borne out by the circumstance that although Messrs. Arbuthnot and Company engaged to ship the rice at Rs. 7-8 per bag they subsequently sent forward a large quantity - nearly the whole - of it at a much lower rate, viz: Rs. 7-2-6. If the arrangement had been of the nature of a definite contract to deliver a certain quantity of rice at a fixed rate in Calcutta, as is assumed by the Comptroller General, no firm, the Government of India believe, would have made such a reduction in the rates simply because they found that they could secure freight at a lower rate than they had anticipated.

5. The fact of Messrs. Arbuthnot and Company

Company having done this ... seems undoubtedly to bear out their statement and that of the Madras Government ... that the contract was only a provisional one and was to cover cost, freight and insurance; all risk beyond this being outside the Contract. But as insurance does not cover damage and partial loss, which is always a charge against the ship and not against the shippers, the Governor General in Council ... Considers that the Comptroller General's account should be modified to this extent and further that Messrs Arbuthnot and Company should receive credit for all rice shown by bills of lading to have been shipped in good condition, this being the principle which is followed in the rice trade and which has been followed in respect of the shipments of rice from Burma.

6. After adjusting the account of Messrs Arbuthnot and Company on the principles enunciated above, I am to request that measures may be taken for the early recovery of the balance. Should a settlement on this basis be

declined

(9) 488

No. 158

FROM

A. O. HUME, ESQUIRE, C. B.,
Secretary to the Government of India,
Department of Revenue,
Agriculture and Commerce,

To

The Comptroller General.

Simla dated 8th *May* 1875.

Agriculture - Horticulture - Famine -

SIR,

With reference to the correspondence ending with your letter No. 516 dated the 15th ultimo, I am directed to request that the claim for Rupees 31,912. 5. 6 preferred by Messrs MacKinnon, MacKenzie and Company for freight on the S.S. "Calcutta" which was accidentally lost in the River Hughli, may be adjusted without delay in direct communication with that Firm.

I am also to request that after you have obtained a guarantee from Messrs MacKinnon, MacKenzie and Company

that

that they hold Messrs Arbuthnot and Company, harmless in the matter of this claim, you will be good enough to request the authorities at Madras to call upon the latter Firm to repay the money advanced to them on account of freight on the S. S. "Calcutta", which they hold in deposit.

I have &c
(Signed) A. O. Hume
Secretary to the Govt. of India

(True Copy)

A. S. Wilson
Registrar.

(13) 5P

No. 719-

Comptroller General's Office,
Scarcity and Relief Branch;
Treasury Buildings,
Calcutta, the 19th May 1875.

From

THE COMPTROLLER GENERAL,

To

The Secretary
to the Government of Madras.

Sir,

In compliance with the orders of the Government of India contained in Revenue Department No. 158 dated 8th May 1875 a copy of which was annexed to, and quoted in the 2nd para of, the letter No. 159 of the same date from the same department to your address. I have the honor to report for the information of His Excellency the Governor, that the Claim for Rs 31912. 5. 6 preferred by Messrs Mackinnon Mackenzie & Co. on account freight on the Government rice cargo sunk in the Hugli river in the S.S. "Calcutta" has been under the advice of the legal advisers to Government paid to that firm by this department.-

I have now to submit the original letter of guarantee from Messrs Mackinnon — " — Mackenzie & Co. that they hold Messrs Arbuthnot & Co. harmless in the matter of this Claim, and

Solicit

solicit the favor of your obtaining the orders of Government to call upon Messrs Arbuthnot & Co to repay in to the General Treasury at Madras the money advanced to them upon this account which they are holding in deposit.

I have the honor to be,
Sir,
Your most obedient Servant,

Comptroller General.

Financial (1875) Despatches (Rice) Vol. Comptroller General Home
Received 15.7.75 Read 28.7.75 No. 715.

Arbuthnot Bright Cotts
Chairman Madras
Mackinnon Mackenzie
Consignees Brush & Co
Calcutta & Co.

(15) A 1263
680

BRITISH INDIA STEAM NAVIGATION COMPANY LIMITED

No. 295
17/5/75

Calcutta 18th May 1875

F. de H. Larpent Esqr
Asst. Comptroller General
on Special Duty.

Sir,

In consideration of the Government of India paying to us the amount of freight due upon the Cargo of Rice brought forward from Barwah and Sonapore per S.S. "Calcutta," (arrived in Calcutta on 22nd April 1874) as embodied in our Bill No. 46/172. s dated 18th May 1875 — we hereby bind ourselves to hold Messrs Arbuthnot & Co of Madras free from all liability in respect of the freight upon the said cargo. —

We have the honor to be
Sir
Your Most Obedient Servants &c
Mackinnon Mackenzie & Co
Managing Agents

declined by Messrs. Arbuthnot, I am to request that the amount in dispute, as amended in accordance with this letter, may be referred for arbitration to such competent parties as the Government of Madras and Messrs. Arbuthnot may select.

I have the honour to be,
Sir,
Your most obedient Servant,

R. Sewell
Secretary to the Government of India

Financial (1875) Desp.
(Rice Shipments)

From
The Govt. of India

Dated 8
Recd 17 } May/75.

No 159.

Rec. ✓ No 1176

Cong. decision of Govt. of India as to the nature of Messrs. Arbuthnot and Company's Rice transactions with Government.

with order

Ltr 6 Aug 1875 No 1613

Communicated to Messrs Arbuthnot & Co. As a settlement on the basis described appears to concede the whole of their contention, it is presumed that Messrs A. & Co. will accept it. They will be good enough to furnish an early reply. D.S.? 20/5/5

16 ... Order

To Messrs Arbuthnot & Co. Aug 6/75

N 37.2

papers/ & 15/5/5

accept the terms of [illegible]

Govt. of {1876} Madras.

G.O., 6th August 1876, No. 1613

Nos. 37a-37c

Bengal Famine — Letter from Government of India laying down a certain basis on which to adjust the amount outstanding against Messrs Arbuthnot & Co on account of rice supplied to the Govt of India, Communicated to that Govt for information as to whether they accept