M.R.O. 14–5,450—22-10-25.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 1496 Press ~~Mis.~~

Dated 19- 6- 1866.

Not to be folded or roughly handled

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No. 414. Read the following Proceedings of the Board of Revenue, dated 5th June 1866; No. 3,847.

Read the following letter from the Collector of Madras, to the Secretary to the Board of Revenue, dated Sydapett, 18th May 1866, No. 139 :—

1. With reference to the Board's Proceedings, dated the 3rd instant, No. 3,134, and 17th April, No. 2,669, I have now the honor to forward copy of an opinion, lately received from the present Acting Advocate General, on a further reference made by me, from which it appears that the Government Security of the Shell Renter, Teeroovengadiah, can be sold, as it is blank endorsed; I have, therefore, the honor to request the Board's permission to sell it at once.

2. The arrears outstanding against the renter up to the date his lease was cancelled, amounted to Rupees 445-3-6, and the interest on that amount up to present date is Rupees 362-11-11, making a total of Rupees 709-15-5.

3. The amount of the security is Rupees 500; the interest on it up to date from 31st March 1860, the date on which Mr. Cunliffe drew the interest upon it, is Rupees 120-7-0, making a total of Rupees 620-7-0; if this amount is drawn now and carried to credit of Government, the whole of the arrears, including interest, with the exception of Rupees 87-8-5, will be made good, and I, therefore, beg to suggest that as the balance is so trifling, it be written off the account, and the suit against the renter not proceeded with.

4. To form the above balance (87-8-5) interest is charged at the present rate of six per cent.; if it had been charged at the old rate of twelve per cent., which was in force until the introduction of the new Arrears Recovery Act, the balance would have been Rupees 312-9-4, and it is for the Board to consider which rate should be charged.

Instructions.

The Acting Advocate General will be pleased to peruse the accompanying correspondence, and to inspect the original Government Promissory Note, and advise whether, under the circumstances, and seeing that the note was blank endorsed by the last opponent holder, and was thereby made payable to bearer, and that Mr. Cunliffe, as Collector of Madras, received some interest which has accrued due, the Accountant General cannot safely recognize Mr. Fane, the present Collector of the Madras District, as competent to deal with the Note by sale. This will render the contemplated suit unnecessary.

COPY—OPINION.

The Note in question being blank endorsed, passes by delivery, and can be dealt with by Government either for purpose of drawing interest, or for sale, without any further endorsement.

(Signed) J. D. MAYNE,
Acting Advocate General.

May 12th, 1866.

(True Copy.)

(Signed) J. R. BOYSON,
Government Solicitor.

(True Copy.)

(Signed) E. G. R. FANE,
Collector.

Proceedings of Government,	13th	June	1865,	No. 1,296.
Do.	27th	,,	,,	1,447.
Revenue Board's Procs.,	6th	Sept.	,,	,, 5,496.
Do.	25th	,,	,,	,, 5,981.

1. Ordered that the foregoing letter be submitted for the information of Government, with reference to the correspondence noted in the margin.

2. The Government are aware that the individual Teeroovengadiah, who rented certain shell quarries in the Streeharicottah Division, before its transfer from Madras to Nellore, became a public defaulter in 1855; and that it was resolved, on the opinion of the Advocate General as then advised, to file a suit against Teroovengadiah to obtain the requisite endorsement of a Government Promissory Note for 500 Rupees, which had been deposited as security by him, in order that it might thus be made negotiable and sold in satisfaction of his arrears.

* Govt. Procs., 13th June 1865, No. 1,296.

It has been already remarked by Government* that the whole case throughout was marked with excessive carelessness, and from the letter now submitted, the Government will learn that it has just been discovered, after a further reference to the Acting Advocate General, and an actual inspection by him of the Promissory Note, that the Note is blank endorsed and, as such, is a negotiable instrument available for sale; whereas it had all along been represented that the Note was not endorsed, and therefore was not negotiable. Such being the case, it is unnecessary to file any suit against the defaulter in question, and the Collector of Madras will be instructed accordingly to sell the said blank endorsed Promissory Note for 500 Rupees, lodged in his Treasury, in satisfaction of the arrears due.

3. On the cancelment of his lease, the arrears which had accrued against Teroovengadiah amounted to Rupees 445-3-6; and if interest be calculated thereon at the rate of six per cent., as allowed by the new "Arrears of Revenue Recovery Act," (II. of 1864,) which the Board would adopt in this case, the total sum standing against the defaulter at the date of the Collector's letter is Rupees 709-15-5. As a set-off against this, there is the Government Promissory Note for 500 Rupees with its interest, regarding which the Board must have further explanation from the Collector. In calculating the available assets of Teroovengadiah, the Collector cannot take the Note for 500 Rupees as 500 Rupees; for if the Note is of the four per cent. loan, as the Board were informed by the letters of the Collectors of Nellore and Madras recorded in their Proceedings, dated 25th October 1864, No. 7,026, it can only be sold at a discount of from twelve to thirteen per cent. On the other hand, as the arrears accrued in 1855, the Board require explanation regarding the interest upon the Note, which Mr. Cunliffe is stated to have drawn up to the 31st March 1860, or about five years' interest. Either it must have been paid to the defaulting renter, or it must still stand to his credit in the accounts of the Treasury. If it has been paid to the renter or his agents, it was a most unaccountable proceeding, seeing that the man was known to be a public defaulter. But if not so paid away, and still held in the Collector's Treasury to the credit of the defaulter, the Board cannot understand why Mr. Fane does not take it into account in calculating the available assets as a set-off against the arrears and interest thereon due by Teroovengadiah. The Collector will explain the above points, and report the exact sum that will have to be written off the public accounts in respect to this transaction. He will carefully preserve the second Muchilka in which the Contractor acknowledges his debt, and agrees to forfeit the deposit, and he will report on what authority he formerly stated that the Note was not endorsed.

Proceedings of the Madras Government, Revenue Department,
19th June 1866.

4. The Board refrain from any comment, as the case has already drawn on the local officers a rebuke from Government.

No. 415. ORDER THEREON, 19th June 1866, No. 1,494.

Miscellaneous.

Ordered to be recorded.

(True Extract.)

(Signed) J. GROSE,
Under Secretary to Government.

To the Board of Revenue.

Exd. S. T. Augustin.

(13)

Rev. 1866. Department
Pro of Govt for June

No. 1633.

PROCEEDINGS OF THE BOARD OF REVENUE,

Dated 5th June 1866

No. 3,847.

Submitting letter from Collector of Madras reporting that the Advocate General is of opinion that Government Security deposited by Shell Contractor Teruvengadiah can be sold; directing Collector to sell it in satisfaction of arrears due, and requesting further explanation from that officer regarding interest on the Note.

RECORDED.