Proceedings of the Madras Government, Revenue Department, 4th August 1871.

No. 27. Read the following Proceedings of the Board of Revenue, dated 18th July 1871:—

Read Proceedings of the Madras Government, Revenue Department, dated 15th July 1871, No. 1,231.

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The Board resolve to inform Government that the case was submitted to the Advocate-General, and that a written opinion was taken from him.

2. In their Proceedings of the 16th May 1871 the Board, when mentioning Saravanamuttu's statement that the Bellary renters purchased Colombo Arrack from him, added "From inquiries the Board have made, they hope there is some mistake about Saravanamuttu's statement, and that he intended to say he *could* sell the Arrack at Rs. 1-4-0 a gallon, and would do so *if allowed*." In their Order of the 21st June 1871, No. 1,093, Government said that the Board offered Saravanamuttu the Puttai distillery for another year, "if only he could clear himself of having defrauded the revenue in selling Colombo Arrack to Messrs. Abraham & Co. of Bellary, at Rs. 1-4-0 the gallon." This way of looking at the matter, as a charge pending against Saravanamuttu, is repeated in the Government order now under consideration, but the Board's "hope" that the statement was a mistake is justified by the facts. The facts are as follow:—Messrs. Abraham & Co. applied to Saravanamuttu for Colombo Arrack, and he was willing to supply it to them on the terms which they offered. He applied, in due course, for the permission of the Collector, and when it was refused he acquiesced. In this, as in all other transactions between Saravanamuttu and Government officers in connection with his Arrack contracts, the Board believe his conduct to have been blameless.

2. The conditions prescribed by Government having been fulfilled, the Board presume that the payment of Rs. 2,000 may be made to Saravanamuttu. With reference to the observation of Government that they are unable to see any justification for the Board's remark that the payment of Rs. 2,000 to Saravanamuttu would put an end to a great deal of the anxiety and trouble, which had been experienced in carrying out the orders of the 21st June, the Board beg to submit the following explanation:—

3. The order, it will be remembered, was not issued till nine days before Saravanamuttu's contract ended. He believed, with some reason, that his contract would be continued, and had therefore a large supply of materials in store, which was made useless to him by the order. He could not therefore be expected to facilitate matters, and it was too late for any one else to begin fermentation in time to distil Arrack and supply it from the 1st July.

4. When the 1st July came the only Puttai Arrack in Madras was 2,000 gallons belonging to Saravanamuttu. He claimed a right to withhold this liquor unless he were paid for it at a price which would, on the whole, have exceeded the contract price by about Rs. 2,000. It is more than possible that this claim might have been resisted successfully, but in the meantime there would have been no Puttai Arrack for the shop-keepers and the revenue would have decreased, the liquor being superior in quality to any country Arrack distilled elsewhere, and better liked by consumers than Commissariat Rum. On the other hand,

the Board had before them the opinion of the Advocate-General that the contractor had a legal claim under the terms of his contract to Rs. 1,905. Again, all the Puttai Arrack in store was stored in the contractor's casks, and most of the Colombo Arrack was stored not only in his casks but in his godowns. Under these circumstances Saravanamuttu had it in his power to cause an immense deal of trouble. He offered to compromise matters, to give Government the Puttai Arrack in store at 10 Annas a gallon, and to allow his casks to be used till they could be fairly valued and purchased, *if* he were paid the Rs. 2,000, which the Board were aware he could obtain in the Courts. These were some of the difficulties to which the Board referred.

The worst of the other difficulties, which could not be put an end to by any arrangement with Saravanamuttu, were as follow:—

(1.) It has been uncertain from the first when Mr. Pritchard will be able to supply Arrack, and the Board have been compelled to take it for granted that he will not be able to do so till the 1st August.

(2.) In consequence of this the Board have had to arrange for the issue of Arrack distilled at up-country distilleries, supplemented by Commissariat Rum.

(3.) In this way the dowles and contracts with the shop-keepers have been disturbed, and the Board fear that there will be a diminution in sales and a consequent loss of revenue.

No. 23. ORDER THEREON, 4th August 1871, No. 1,337.

Separate Revenue, No. 4.
Abkarry.

THE Government sanction the payment of Rs. 2,000 to Saravanamuttu in full discharge of all his claims against Government in respect of the Puttai Arrack contract, and they are glad to learn that his conduct throughout in regard to the contract has met with the Board's approval. The Board's explanation on the subject is quite satisfactory.

(True Extract.)

(Signed) A. DEC. SCOTT, Captain, R.E.,
Under-Secy., P.W.D.,
for Secy. to Govt.

To the Board of Revenue.
„ the Accountant-General.

Exd. F. R. Bantleman.