Proceedings of the Madras Government, Revenue Department, 15th September 1871.

No. 185. Read the following Proceedings of the Board of Revenue, dated 8th August 1871, No. 3,334:—

Read again Board's Proceedings, 25th April 1871, No. 1,731.
Do. do. 31st May „ „ 2,201.
Do. do. 26th June „ „ 2,566.

Read also the following letter from the Officiating Collector of Madras, to the Acting Secretary to the Board of Revenue, dated 8th July 1871, No. 110.

I HAVE the honour to inform you that Acting Deputy-Collector Mr. Shaw has valued the 519 casks in the Colombo Arrack Godown, belonging to Saravanamuttu Pillai, at Rs. 6,172. To this valuation Saravanamuttu Pillai demurred, and, considering the valuation to be somewhat low, I offered him (subject to the Board's approval) Rs. 6,500 which he has accepted.

2. With regard to the works constructed by Saravanamuttu Pillai at the Government Distillery, two arbitrators were appointed, one by Saravanamuttu Pillai and one by the Deputy-Collector. Saravanamuttu's arbitrator valued the works at Rs. 3,077, whilst the Government arbitrator valued them at Rs. 2,500. I thought the best plan was to split the difference, and accordingly offered Saravanamuttu Pillai Rs. 2,800, and this sum he has agreed to take. Copy of Saravanamuttu Pillai's letter, accepting these terms, is enclosed. I request therefore the Board to be good enough to obtain the sanction of Government for the disbursement of Rs. 9,300 and also of Rs. 2,000 as compensation for taking less than 300 gallons of Puttai Arrack from 17th December last.*

	RS.
519 Casks	6,500
Works at Government Distillery executed by Saravanamuttu Pillai	2,800
Compensation for taking less than 300 gallons of Arrack daily , ...	2,000
Total...	11,300

* *Vide* my letter to the Board dated July 3rd, 1871, No. 104.

ENCLOSURE No. 1.

From S. SARAVANAMUTTU PILLAI, to the Officiating Collector of Madras, dated 8th July 1871.

I BEG to acknowledge the receipt of your favour No. 334, of the 7th instant, requesting me to inform you whether I am prepared to accept the sum of Rs. 6,500 for my 519 casks and the sum of Rs. 2,800 for the buildings erected by me at the Distillery.

2. In reply, I beg to state that I agree to take the sum of Rs. 6,500 for the 519 casks and Rs. 2,800 for the buildings at the Distillery, though the buildings cost me considerably more than the present valuation put on them by the arbitrators.

3. I beg therefore that you will be good enough to leave instructions with the Deputy-Collector to disburse to me the two sums abovementioned at an early date, to enable me to pay over the same to Messrs. Arbuthnot & Co. against my debt to them.

THIS letter will be submitted to Government with the request that they will sanction payment to Saravanamuttu Pillai of Rs. 2,800 for buildings erected at

the Madras Distillery, and Rs. 6,500 for 519 casks in which Colombo Arrack belonging to Government is stored.

2. From Board's Proceedings, 16th May 1871, No. 2,050, Government will have learnt that Saravanamuttu claimed Rs. 5,000 for new stills and buildings. The Collector referred the matter to arbitration, and now proposes to pay Rs. 2,800. The Board believe this to be a fair sum.

3. The claim to the value of casks requires more explanation.

4. Under the terms of the contract, which has just expired, Colombo Arrack, on being landed, was stored in five godowns, one of which belonged to Government and contained the Arrack Reserve in vats, whilst the rest were rented from Messrs. Arbuthnot & Co., and others, and contained in casks, belonging to the contractor, Arrack which was supplied day by day to the Abkarry Department. Till it was so supplied the cost of storage, rent, ullage and leakage was all borne by the contractor, and he consequently kept guards around the premises and a staff of coopers to look after the casks. The keys were kept by the Deputy-Collector, but each godown was opened once or twice a-week, and the contractor had access to them.

5. In January the Collector of Madras, Mr. Hunter-Blair, conceived the idea that there was a large surplus over the declared stock in the godowns placed there for surreptitious purposes, which would be brought to light if the buildings were placed under the sole control of Government officers, and he ordered the Customs Department to *bond* the liquor. Mr. Garstin assumed charge immediately afterwards and cancelled the order, but when Mr. Blair returned on the 19th April he revived it, and put it into force.

6. All this was done without any reference to the Board. The legality of the order was more than questionable, and it gave the contractor an opportunity, which he immediately availed himself of, to dismiss his guards and coopers, and to decline to be responsible any longer for cost of storage, rent, and ullage and leakage. He at once demanded his casks or their value. It seems probable that Mr. Blair under-rated the risk, because he thought *first* that there was a large surplus in the godowns, and *second* that the terms of the contract gave him power to interpret it as he chose. Unfortunately he was mistaken in both points.

7. Mr. Blair reported that he had issued the Bonding order on the 18th May, the day he left on furlough, and Mr. Arbuthnott took his place. Mr. Arbuthnott's attention was called to the matter at once, the Bonding order was cancelled, and endeavours were made to induce the contractor to resume his former position with regard to the liquor, but he refused.

8. It has been necessary to enter into these details, because, although the Bonding order only precipitated a claim to the value of the casks which might have arisen in any case when the contract expired, it *originated* a claim to rent and a demand to be freed from loss by leakage and ullage which involve large amounts, and will probably come before Government again. The matter has been referred to the Law officers.

9. There are 519 casks of sizes, varying from 53 to 225 gallons. The price which Saravanamuttu has consented to receive, and which has been fixed in the same way as the value of the Distillery buildings is Rs. 6,500.

Proceedings of the Madras Government, Revenue Department,
15th September 1871.

No. 186. ORDER THEREON, 15th September 1871, No. 1,600.

Separate Revenue, No. 15.
Abkarry.

THE Government sanction the payment of Rs. 9,300 to Saravanamuttu Pillai, being Rs. 2,800 settled value of new Distillery buildings erected at his private expense at the Government Distillery, and Rs. 6,500 being the settled price of the casks hitherto used for storing the Colombo Arrack supplied to Government by him under his contract which has expired.

2. The casks apparently will be required for the purpose under the future contract.

(True Extract.)

(Signed) W. HUDLESTON,
Secretary to Government.

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

Exd. F. R. Bantleman.

Rev 1871 Dep

Board of Revenue,

MADRAS.

№ 2721-

PROCEEDINGS, 8TH AUGUST 1871, No. 3,334.

Dup 21 Aug 1871

Encl. 3

Received 7 Aug.

AUGUST.

No. 3,334.

Saravanamutu Pillai, Colombo Arrack Contractor—of Madras,—Sanction of Government requested for payment to, of Rs. 6,500, for casks in which arrack belonging to Government is stored, and of Rupees 2,800 for buildings erected by him at Puttai Arrack Distillery during period he held contract for supply of this liquor.

№ 1600

The Govt. Sanction the payment of R. 9300. to Saravana Mutta Pillai. being R. 2800 settled balance rent of Distillery Buildings Erected at Puttai Distillery and R. 6500 being the settled price of the Casks in which arrack supplied to Govt. by him under his contract to Govt. Agreement.

The case to be referred to Collr to Enquire for the purpose under the future contract.

14 To the Board of Rev. Dated 15 Sept/71
6 The Accountant General

№ 135-136

№ 1600 - 15 September 1871