

PRESS SERIES.

G.O., No. 1000

Dated 29 th November

[Despatch Abstract.]

Requesting the Board to set up, in
consultation with the Govt. Solicitor, the
drafting mining lease for mining for
phosphate nodules telegraphed to Messrs
Arbuthnot & Co in the form recently pre-
sented by the Govt. & submit it for
approval of Govt.

Revenue (1897) Department.

CURRENT No. 8191

From

Messrs. Arbutnot & Co.,
Madras

Order

No.

Dated 17th Sept 1897.

Received

Registered

Enclosures

Spare copies.

SUBJECT.

Stating, with reference
to G.O. 1616
50.8.97, that they
still desire the option
of Cancelling a certain
lease if they should find
themselves unable to
dispose of the products
profitably.

Not mine
K2
22-9

to 11

379 Rev 30-7-96

CNo
2474/98-802013
7-5-98

BACK PAPERS.

G.O.	No.	Department.	Date.

FURTHER PAPERS.()

G.O.	No.	Department.	Date.

The Hon^{ble} Mr. J. Grose C.I.E.

ARBUTHNOT & CO.,
MADRAS.
LONDON HOUSE,
P. MACFADYEN & CO.,
WINCHESTER HOUSE,
10 BROAD STREET, E.C.

For orders.

In June 1896,
Messrs Arbuthnot & Co applied

130
Madras. 17 September 1897. the

The Secretary
to the Government
of Madras (Revenue)
Madras.

Sir,

We have the honor to acknowledge receipt of G. O. N^o 1616 dated 30th ultimo requesting us to submit, at a very early date, our reply to the Proceedings of the Board of Revenue (Land Revenue) N^o 2873 Miscellaneous dated 30th July.

In accordance with the request of the Board that we would communicate with you direct in the matter, we now beg to state that we still desire the option of cancelling the lease should we find ourselves unable to dispose of the products profitably.

From

To

G.O.	No.	Department.	Date.

profitably

We have the honor to be,
Sir,
Your most obdt: servants,
A. M. S. S.

The Hon^{ble} Mr. J. Grose C. I. L.

G. O. Lloyd A.
H. H. H. H. H.

Nos V, VI, VII, VIII & IX.

C. 23/11/97

2 C No 8191/97

Her orders.

In June 1896,
Messrs Arbutnot & Co applied
for the grant of a mining
lease ^{in respect of} ~~the~~ all the nine
blocks into which the
tract containing phosphatic
nodules in the Trichin-
opoly District has been sub-
divided. The Govt however,
in G.O. No 379 of 30.7.96
declined to grant them a
monopoly over all the nine
blocks, but had no objec-
tion to the assignment of
five blocks, for a period
of thirty years, and also
consented to the insertion
in the lease
of a condition to empower-
ing the lessees to determine
it on proof to the satis-
faction of Govt that the
nodules no longer exist
in sufficient quantities
to pay for their collection.
Having been authorized,

From p

To the

BACK PAPERS.

G.O.	No.	Department.	Date

to Commence operations in anticipation of the orders of Govt, the form it appears, has been collecting the nodules since the 15th June 1896.

As a Mining lease has been issued to the firm under the rules, the Board of Rev. has submitted a draft, for approval, after some correspondence with the Collector & the firm, as regards the terms.

Flagged R.

In the first place, the lease has been prepared by making the necessary modifications in the standard form prescribed by the Govt of India ^{in 1894} for Coal mining leases. A new form with slight modifications, having been recently received from the Govt of India with instructions that it should be adopted to concessions

Flagged B.

may hereafter be granted, the lease will have been ^{present} drawn up

Flagged C.

Flagged D.
Yes

Flagged E.

up in the new form and all the sent to the Govt Pleader for the approval with reference to para 6 of the G.O. of I's 32 letter of 31.8.97 no 21/10-8.

There are however, certain matters connected with the terms of the lease which require settlement before the lease could be executed.

1. The firm seems to take exception to the condition in clause 1, Part IV of the Schedule appended to the lease, which provides that the decision of the local Govt (ie practically the lessor) shall be final as to the amount of compensation due to the lessee under certain circumstances.

The firm apparently objects to the lessor, i.e. the Govt, being made the final Judge. The Board has pointed out that this provision has been prescribed by the Govt of India and cannot be altered.

From para 5 of the G.O.

to the mine as

to it in the air

of India's letter no $\frac{21}{10-8}$ d

Flagged D.

printed in letters

please see for

The condition must

be as to modify

Ch 4 of Part IX

under us for day

submitted that the
proviso should stand

11/11/1911

11/11/1911

Flagged S

Rule 23 in
page flagged G.

para 1. page 16 / 1911

Yes
11/11/1911

right to let out for Cultivation lands covered by the lease and not actually occupied by required for occupation by the lessees, that such letting for cultivation would only be of a temporary character and that the cultivators would be entitled to no compensation if the land were required for mining purposes.

The surface rent is payable only in respect of the area actually used or occupied by the lessee for mining purposes, the right to let out for cultivation the other portions covered by the lease rests with Govt & the lessees will have to apply for these lands if under clause 2 of Part III of the Schedule, if they desire to conduct surface operations thereon. The Board's amendment is therefore correct.

no other line de

to that this Govt has power is to modify this clause. or at its discretion, as but it as the Govt of India say in that these apps are necessary & proper conditions and should not be altered or omitted 'without sufficient cause', it is thought that nothing should be done with the proviso in question.

Col. The second point is this:- The firm asks whether clause 3 of Part V of the Schedule which provides for the payment of surface rent refers only to lands on which they erected buildings, are collecting nodules or are cultivating.

The Board has answered to the effect that the charge is restricted as the supposed by the firm, but insists that as the lease conveys no right to cultivate, hereafter the Govt retains the right the lease will have

drawn up

The third point is - The
 firm desires to have the
 option of Cancelling
 the lease. Should they
 find themselves unable
 to dispose of their products
 profitably? As already
 stated, they were
 first asked, when applying
 for the lease, that they
 should have power to cancel
 the lease. Should it prove
 before the expiry thereof,
 that the phosphates no
 longer exist in sufficient
 quantities to pay for
 their collection. The
 Govt thought that the
 request was reasonable
 and accordingly assented
 to the condition being inserted
 in the lease. Now, Messrs
 Arbuthnot & Co. desire
 the option of cancelling
 the lease if in case they
 find the business not
 profitable.
 The Board pointed out
 to them that leases for
 shorter periods than thirty
 years would no longer be
 open to objection. In
 these circumstances the
 Board asked Messrs Ar-
 buthnot & Co. whether to
 inform Govt direct whether
 they still desired the
 new condition.
 The firm has which has
 apparently accepted all
 the other terms, has now
 replied to the effect
 that it still desires
 the option of cancelling
 the lease should they
 find themselves unable
 to dispose of their products
 profitably.

Letter of 15-6-96
 The following is a
 summary of the
 points raised in the
 letter of 15-6-96.
 It is a word industry, &
 though there will certainly be a
 market for the nodules at first
 it is not quite certain that
 the market will continue. Ac-
 cordingly, I think the lease
 should be allowed to go their
 lease cancelled after 6 mos.
 notice, if it becomes un-
 profitable from causes beyond
 their control. We did not do,
 however, to leave it to them
 to say whether this is the case
 or not. They might wish to
 cease mining for reasons other
 than ought not to be admitted, e.g.
 a wish to contract their busi-
 ness, or a discovery that the
 ordinary profits might be lost
 from nodule-mining, extra-
 ordinary profits might be
 got by investing their capital in
 some other way. Restriction
 on all the more necessary
 because the work will

was profitable at first, when
 the nodules can be gathered
 from the surface, there after-
 wards when they have been
 excavated; & this makes it
 desirable not to grant leases
 for short terms, as suggested
 in the note. A clause should
 be inserted, allowing the lease
 to go the lease cancelled, if
 Govt, being satisfied that
 the lease has ceased to be
 profitable from causes
 beyond the control of the lessee,
 has consented to cancel it.

JG
 26.11.97

CA 8191/97

thirty years had been
 refused to others apply
 on the ground that no
 lease could in fairness
 be granted to competing ap-
 plicants on more favor-
 able terms than those
 accepted by Messrs Arb-
 uthnot & Co. and that if the
 modification now proposed
 by the latter were approved
 the grant of leases for
 shorter periods than thirty
 years would no longer be
 open to objection. In
 these circumstances the
 Board asked Messrs Ar-
 buthnot & Co. whether to
 inform Govt direct whether
 they still desired the
 new condition.
 The firm has which has
 apparently accepted all
 the other terms, has now
 replied to the effect
 that it still desires
 the option of cancelling
 the lease should they
 find themselves unable
 to dispose of their products
 profitably.

hereaf the Govt retains the
 the lease will be
 drawn up

The third point is - The
firm desires to have the
option of Can. 00.

products ~~proposed~~ pro-
fitably.

Now the question for Consi-
deration is whether the
firm should be allowed
the option which it
asks for. When the
Hon^{ble} Mr Arundel, then
Secretary, suggested that
year that Messrs A & Co.
may be empowered to
determine the lease on
giving six months' notice
the Hon^{ble} Member remarked?

It would not do to em-
power them to give six
months' notice whenever
and for whatever reason
they like.

Messrs Pierce Leslie & Co.
of Calicut also enquire
whether after accepting
a lease for thirty years,
they would be allowed to
determine it earlier if
the Mineral Classes were
popular as manure in
the districts to which their
leas^{es} are granted; although
the lease will no^t still be
drawn up

forthcoming in sufficient
quantities to pay for their
Collection for use in other
localities than those in
which they have Connection.

It is thought that the ac-
quiescence in the vague
Conditions proposed by the
above firms is undesir-
able, and that both Messrs
A & Co & Pierce Leslie & Co
may be told that they
can take out leases
for shorter periods than
thirty years, without any
stipulation of the kind
mentioned by them.

The Govt first committed to the
introduction of a condition that
the lessees might determine
the lease on proof to the
Satisfaction of Govt that
the holders no longer wished
to sufficient quantity to pay
for their collection. The Board
recommended this course
on the ground that the
condition was in ac-
cordance with the Govt's
policy.

A.

The third point is - The firm desires to have the

form of mining lease

(Please see page 20 of B.D. in file flapped B)

According to that para the lease is determinable at the option of the lessee if the mine becomes destroyed or rendered substantially & permanently unfit for the purposes of which the lease is given by fire, tempest or flood or violence of any army or mob or other irresistible force.

Exhaustion might perhaps be taken as a kind of destruction but the mere fact that the workings of the pits will no longer pay, arbitrary & so cannot be considered; I submit, as may an analogous reason in the determination of the lease. This risk is provided by the low rates of royalty & the other favorable conditions for the concern. So very cautious the is as Messrs A & Co. is not likely; although the lease will not be drawn up

Not a destruction of an army, mob, or irresistible force.

29

See below

that Messrs A & Co can bind themselves to pay out for ^{or part of it when} so long ~~as~~ there is ^{no} prospect of their getting anything for their money and that it is essential that they should be able to determine the lease if it is apparent that the nodules are exhausted or that the venture will fail. That the form of the conditions should be such that the only doubt A & Co want the power of ending the lease ~~if~~ when in their own hands and that they want the power to be subject to their acceptance. As A & Co want into the lease if it does not pay them they are the best judges of the advisability of making it and the power to determine it ^{I submit} is left to them.

W. J. P. J.

1890

may the de

The point is — The

D. 503-25-5-97.

REVENUE DEPARTMENT.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

Read again for 379
80.7.56.
16.16.
80.8.57

Cur ho 8191.7.57

Sur for.

G.O. Mem No 1000 of 29th Nov. 1897.

The Bd of Res, in
submitting for the approval
of the Govt a draft form
of mining lease to be
executed by Messrs
Arbuthnot & Co for
mining for phosphatic
rocks in the Trichinopoly
District, dealt with
three objections raised
by that firm to the
conditions of the lease.
The first of these
objections had reference
to the condition embodied
in clause (1), Part IV of
the schedule appended
to the lease, which
provide that the de

The point is - The

of the local Govt shall be
fixed as to amount
of compensation due to
the lessees under certain
circumstances, shall be
final. As pointed out
by the Bd of Rev, this
provision has been
inserted by the Govt of
India as a necessary
& proper condition, and
there is no special
circumstance in the
present case which
would authorize this
Govt to modify it.

3. The second point
~~referred to by the~~ form
relates to the extent of
land upon which surface
rent is payable. The
Govt ^{concur in the} ~~appears to~~
boards remarks on this
matter.

4. From their letter
to Govt read above, it the
Govt presumes
~~would appear~~ that the Department
is no longer raised

15th
any question as to these
two conditions, and that
they now ask for
the insertion of a
condition granting the
lessees the option of
canceling the lease
should they find them
selves unable to dispose
of the products profitably.
The Govt cannot consent
to so ^{wide} ~~large~~ a condition
but, recognising that
the industry is ^{new} ~~small~~
~~and~~ that although there
is ~~a~~ ^{no} market for
the nodules at present,
it is not certain that
that market will
continue, it has agreed
to the insertion in the
lease of a clause
permitting the lessees
to cancel it on six
months notice, & on
proof, to the satisfaction
of the Govt, that the
business has ceased to
be profitable from causes
beyond the control of the
lessees.

The point is —

5. The draft lease submitted by the Board has been drawn up in the form prescribed in 1894. A revised draft in the form recently prescribed by the Govt of India which was communicated to the Bd with G.O. 4970/1110, 21.12.97, should be drawn up in consultation with the Govt Solicitor & submitted for the approval of the Govt.

Wt
28.11.97

To the Bd L.R.
Wt.
28.12.97

16.12.97
20.12.97
21.12.97

nothing practically as has been said as to the possibility of the firms refusing to accept the Govt's compromise?

Wt
28.11.97

Government (1897) of Madras. REVENUE.

Recd.	1897.	Enclosures
Regd.		Spare copies

G.O., No. 1000, 29th November 1897.

NOVEMBER.

Phosphatic Nodules.

Requesting the Board to draw up, in consultation with the Government Solicitor, the draft of a lease for mining for — to be granted to Messrs. Arbuthnot & Co. in the form recently prescribed by the Government of India and to submit it for the approval of Government.

GOVERNMENT OF MADRAS.

REVENUE DEPARTMENT.

Read—again G.O., No. 379, Revenue, dated 30th July 1896.

ABSTRACT.—Stating that Government is not prepared to grant Messrs. Arbuthnot & Co. a monopoly of the right to conduct mining operations for phosphatic nodules in the Trichinopoly district, but that there is no objection to the assignment of certain blocks to the firm on certain conditions.

Read—again the following G.O., No. 1616, Revenue, dated 30th August 1897:—

Read—the following Proceedings of the Board of Revenue (Land Revenue), Mis. No. 2873, dated 30th July 1897:—

Read—the following letter from the Collector of Trichinopoly, to the Secretary to the Commissioners of Land Revenue, dated 30th September 1896, Ref. on C. No. 1421-Rev.:—

With reference to Board's Proceedings, Mis. No. 3623, dated 6th August 1896, I have the honour to submit herewith, for the approval of the Board, a draft mining lease in the form printed in Board's Proceedings, No. 464, dated 23rd December 1895, after embodying therein the condition approved of by Government in connection with the lease to be granted to Messrs. Arbuthnot & Co. and after making such verbal alterations as were found necessary.

2. Under the permission conveyed in paragraph 2 of the Board's Proceedings, Mis. No. 2356, dated 23rd May 1896, Messrs. Arbuthnot & Co. have already commenced operations and are reported to have been collecting the nodules since the 15th June 1896.

3. It is requested that orders may be issued on the following points under the powers reserved in paragraphs 5, 7, 8, 9, 10 and 12 of part VII of the schedule attached to the lease-deed:—

(a) What accounts the firm should be asked to furnish to me or to the Tahsildars?

(b) What check should be exercised, and if so, by what officer, on the weighing of the nodules collected?

(c) How the quantity of crushed product should be ascertained, if the firm removes the nodules in the raw shape from the mines and crushes them in its mills elsewhere?

(d) How the "market price of the crushed product," on which the royalty has to be calculated, should be ascertained?

Reference on the above, dated 16th November 1896.

The draft form of the mining lease to be granted to Messrs. Arbuthnot & Co. received from the Collector of Trichinopoly with his letter read above, with a few alterations and additions made by the Board in red ink will be forwarded to the lessees with the following observations for any remarks they may wish to offer.

2. Paragraph 3, Part IX of the Schedule appended to the Draft Lease.—The Collector proposes to fix for depreciation a sum equivalent to 6 per cent. per annum on the net original cost of the buildings or works. The Board considers that a rate of 5 per cent. which has been fixed in the case of the coal-mining lease to be granted to the Gódávri Coal Company will be sufficient.

Paragraph 3 (a) of the Collector's letter.—Under paragraph 7 of part VII of the schedule the lessees will maintain, in their ordinary course of business, correct and intelligible books of accounts showing the particulars specified therein. It seems sufficient for the present to require them to furnish the Collector every month with a statement in the subjoined form:—

STATEMENT showing the Quantity of Phosphatic Nodules on which royalty is leviable for the month of

Quantity despatched by rail.	Quantity received at Calicut.	Output of crushed product.	Quantity of crushed product sold or otherwise disposed of.	Rate at which sold.	Sale-proceeds.	Railway charges from Trichinopoly to Malabar.	Difference between columns 6 and 7.	Royalty at 5 per cent. on the amount shown in column 8.	Remarks.
1	2	3	4	5	6	7	8	9	10
TONS. CWT. LB.	TONS. CWT. LB.	TONS. CWT. LB.	TONS. CWT. LB.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	

Paragraph 3 (b).—In regard to the check to be exercised on the weighing of the nodules collected, it is observed that the lessees propose for the present to carry all the minerals raised to Calicut to be crushed there. The Board considers that the weighing of the mineral at the railway station, the particulars of which will be embodied in the monthly statement prescribed above will answer present requirements.

Paragraph 3 (c).—The quantity of the crushed product and its market price at Calicut will be reported by the lessees in the prescribed statement, the entries in which can be checked by means of occasional inspections of the lessees' works and accounts at that place and by such independent inquiries as may be deemed necessary.

Paragraph 3 (d).—For the present, the Board proposes to levy royalty on the sale-proceeds of the crushed product less railway charges, and the monthly return prescribed above will furnish the required information. If, eventually, a demand for the mineral is found to exist east of the Western Ghats and the Nilgiris, no allowance will be made for railway charges to Calicut.

(Signed) R. C. C. CARR,
Secretary.

Read—also the following letter from Messrs. ARBUTHNOT & Co., to the Secretary to the Commissioners of Land Revenue, dated 12th July 1897:—

Phosphatic Nodules.—We return the draft mining lease and would submit, for the consideration of the Board, the following points.

Part IV of the schedule provides that the lessor shall in certain circumstances pay us, as lessees, compensation for damage done and that the decision of the Local Government (practically the lessor) shall be final as to the amount of compensation due to us.

Part V of the schedule, clause 3 provides—

"The further yearly rent on lands . . . the surface whereof shall be occupied or used . . . to be paid . . ."

We understand that this only refers to lands on which we erected buildings, are collecting nodules and are cultivating.

Part IX of the schedule, clause 4, provides for the cancelment of the lease under certain circumstances; in addition to these it should give us the option of cancelling the lease should we find ourselves unable to dispose of the products profitably

The Board is aware that this is an experiment which may result favourably or the reverse and should bear this in mind in fixing the terms.

Reference on the above, dated the 16th July 1897.

Messrs. Arbuthnot & Co. are requested to return the Collector's letter, dated the 30th September 1896, Ref. on Cur. No. 1421-Rev. of 1896, forwarded to them in original with Board's reference on General Register No. 5393, dated 16th November 1896.

Read—also the following letter from the Collector of Trichinopoly, to the Secretary to the Commissioners of Land Revenue, dated the 17th December 1896, Ref. on Cur. No. 3708-Rev. :—

With reference to Board's Proceedings, No. 4367, Land Revenue, dated 23rd September 1896, I have the honour to forward, herewith, copy of a letter, dated 20th November 1896, addressed to me by Messrs. Pierce, Leslie & Co.

2. They request to be informed whether, after they have accepted a lease for thirty years, Government would allow them to determine it earlier, if the mineral ceases to be popular as a manure in the districts to which their trade is confined and thereby ceases to pay for its collection so far as their firm is concerned, even though a demand for the mineral may exist in other localities.

3. Orders are solicited.

ENCLOSURE.

From Messrs. PIERCE, LESLIE & Co., to the Collector of Trichinopoly, dated 20th November 1896.

We have the honour to acknowledge receipt of your letter, No. 1709-Rev., of 1896, dated 26th ultimo, regarding phosphatic nodules.

We thank you for detailing the terms relating to rent and royalty and we shall be much obliged by your informing us as soon as the value to be taken for the purpose of the *ad valorem* royalty has been determined.

With reference to paragraph 4 of your letter, referring us to G.O., No. 379, dated 30th July 1896, in which it says that the lessees may determine the lease "on proof to the satisfaction of Government that phosphatic nodules no longer exist in sufficient quantities to pay for their collection," we have the honour to request an interpretation of how the above-quoted order would be applied in our case under the following circumstances. Our object in applying for the lease is to provide a supply of these nodules for the use of planter constituents in the districts in which we do business. Their suitability as a manure for coffee, &c., is as yet a matter of uncertainty, and the orders we have received to date are experimental ones. It may happen that after trial the nodules will be found unsuitable or not so suitable as some other manure for our districts, in which case our interest in the article would cease, although possibly the nodules might still be forthcoming in sufficient quantities to pay for their collection for use in other localities than those in which we have connections. We would not care to commit ourselves to continue collecting them should our planter friends cease to require them, and we hope that Government will be able to meet us in this respect by making the lease determinative on our part by three months notice at any time.

Resolution—Mis. No. 2873, dated 30th July 1897.

In Board's Proceedings, Mis. No. 3623, dated 6th August 1896, the Collector of Trichinopoly was requested to prepare and submit a draft lease to be granted to Messrs. Arbuthnot & Co. to mine for phosphatic nodules over the blocks assigned to them in G.O., No. 379, dated 30th July 1896, for a period of thirty years. With his letter of the 30th September last, the Collector forwarded a draft lease and requested orders on certain points in connection therewith. In its reference order, dated 16th November 1896, read above, the Board dealt with these points and forwarded the draft lease as amended by it to Messrs. Arbuthnot & Co. for such remarks as they might wish to offer.

2. With the second paper read above, Messrs. Arbuthnot & Co. return the draft lease and submit the following points for consideration :—

(i) Part IV of the schedule appended to the lease provides that the lessor shall pay in certain circumstances compensation to the lessees for damage done and that the decision of the Local Government (practically the lessor) shall be final as to the amount of compensation due ;

(ii) whether clause 3 of part V of the schedule providing for the payment of surface rent refers only to lands "on which they erected buildings, are collecting nodules or are cultivating ;"

(iii) clause IV of part IX of the schedule which provides for the cancellation of the lease under certain circumstances should also give them the option of cancelling the lease, should they find themselves unable to dispose of the products profitably.

3. With regard to the first point, the Board considers that the company may be informed that the provision has been prescribed by the Government of India and cannot be altered.

4. In regard to the second point, the Board observes that the charge of surface rent is restricted as supposed, but the lease conveys no right to cultivate and the Government retains the right to let out for cultivation lands covered by the lease and not actually required for occupation by the lessee. Such letting for cultivation would only be of a temporary character and the cultivators would be entitled to no compensation if the land were required for mining purposes.

5. On the third point it is to be observed that leases for a shorter period than thirty years have been refused to other applicants on the ground that no leases could in fairness be granted to competing applicants on more favourable terms than those accepted by Messrs. Arbuthnot & Co. If the modification now proposed is accepted, the grant of leases for short periods will no longer be considered open to objection. This being the case, Messrs. Arbuthnot & Co. are requested to communicate to Government direct whether they still desire the modification applied for.

6. It is presumed that the firm accepts the Board's answers to the Collector's queries dealt with in the reference order of the 19th November last above referred to.

7. The delay on the part of Messrs. Arbuthnot & Co. in replying to the Board's reference order appears to be due to their having mislaid the papers.

8. With the above remarks the Board submits the draft lease as revised by it for the approval of Government.

9. In the last letter read above, Messrs. Pierce, Leslie & Co. inquire whether, after their accepting a lease for thirty years, they would be allowed to determine it earlier if the mineral ceases to be popular as manure in the districts to which their trade is confined. They will be furnished with a reply to the above query when the terms of the lease to be granted to Messrs. Arbuthnot & Co. have been finally settled.

(True Copies and Extract.)

(Signed) R. C. C. CARR,
Secretary.

To the Secretary to Government, Revenue Department,
with a draft lease, in original, and copy of
a statement to be returned.

Copy to the Collector of Trichinopoly.

" Messrs. Arbuthnot & Co.

" Pierce, Leslie & Co. (paragraph 9 only).

Order—No. 1616, Revenue, dated 30th August 1897.

Messrs. Arbuthnot & Co. are requested to submit their reply to paragraphs 5 and 6 of the Board's Proceedings, Mis. No. 2873, dated 30th July 1897, at a very early date.

(True Extract.)

(Signed) G. STOKES,
Ag. Secretary to Government.

To Messrs. Arbuthnot & Co.

READ—the following letter from Messrs. Arbuthnot & Co., Madras, to the Secretary to Government, Revenue Department, dated 17th September 1897:—

We have the honour to acknowledge receipt of G.O., No. 1616, dated 30th ultimo, requesting us to submit, at a very early date, our reply to the Proceedings of the Board of Revenue (Land Revenue), Mis. No. 2873, dated 30th July.

In accordance with the request of the Board that we would communicate with you direct in the matter, we now beg to state that we still desire the option of cancelling the lease should we find ourselves unable to dispose of the products profitably.

ORDER—No. 1000, Revenue, dated 29th November 1897.

Miscellaneous.

The Board of Revenue, in submitting for the approval of the Government, a draft form of lease to be executed by Messrs. Arbuthnot & Co. for mining for phosphatic nodules in the Trichinopoly district, dealt with three objections raised by that firm to the conditions of the lease.

2. The first of these objections had reference to the condition embodied in clause (1), part IV of the schedule appended to the lease, which provides that the decision of the Local Government as to the amount of compensation due to the lessees under certain circumstances shall be final. As pointed out by the Board of Revenue, this provision has been inserted by the Government of India as a necessary and proper condition, and there is no special circumstance in the present case which would authorise this Government to modify it.

3. The second point relates to the extent of land upon which surface rent is payable. The Government concurs in the Board's remarks on this matter.

4. From their letter to Government read above, the Government presumes that Messrs. Arbuthnot and Co. no longer raise any question as to these two conditions, and that they now only ask for the insertion of a condition granting the lessees the option of cancelling the lease should they find themselves unable to dispose of the products profitably. The Government cannot consent to so wide a condition but, recognising that the industry is new and that although there is a market for the nodules at present, it is not certain that that market will continue, it will agree to the insertion in the lease of a clause permitting the lessees to cancel it on six months' notice, and on proof, to the satisfaction of the Government that the mines have ceased to be profitable from causes beyond the control of the lessees.

5. The draft lease submitted by the Board has been drawn up in the form prescribed in 1894. A revised draft in the form recently prescribed by the Government of India which was communicated to the Board with G.O., Mis. No. 4970, dated

21st September 1897, should be drawn up in consultation with the Government Solicitor and submitted for the approval of the Government.

(True Extract.)

(Signed) G. S. FORBES,
Ag. Secretary to Government.

To the Board of Revenue (Land Revenue), with lease.

Exd. Shaik Karmi.

40 Copies.

The point is - the

h
h
E
u
a
e
u
e
h

...
...
...
...

...

...

...

...

...
...
...
...