CHAPTER XXXIV.

Krishnaraja Wodeyar IV.

Aftermath of the war—Food control—Retirement of Sir M. Visvesvaraya and appointment of Sir M. Kantaraj Urs—Mr. A. R. Banerji acting Dewan during Sir M. Kantaraj Urs' illness—Effects of food control—Unsettlement of the State finances—Public loans of 1920—Income-tax—Special Committee for investigation of the financial condition of the State.

Now turning to the aftermath of the Great War. All the countries of the world had to face severe economic evils almost immediately after the conclusion of peace. Lord Curzon one of the former Viceroys of India said that to meet the new situation after the war, new schemes, new plans, new policies needed to be devised and that a new adjustment was called for of many of the basic principles upon which public life rested at the time.

In the Dasara Session of the Representative Assembly held in 1918, Sir M. Visvesvaraya observed that that year had been a trying one for the country. The war, the drought and the unparalleled epidemic of influenza which spread into this part of the country marked a distressing combination of calamities which pressed heavily on the population and especially on the poorer classes. The deficiency of food supplies was a common experience all the world over at that time. The position in Mysore was intensified by the almost entire failure of the south-west monsoon. A Director of Food Supplies was appointed in May 1918 to regulate railway traffic and among his other duties, he was asked to watch the prices of food grains and other necessaries of life and to suggest measures from time to time to prevent cornering and holding up of stocks. All district officers were instructed to keep in close touch with the state of the market in their respective charges. These measures of vigilance were supplemented with others when it was found that the failure of the south-west monsoon unsettled the grain trade and caused a further rise in the prices. At the same time it was noticed that large quantities of grain were being exported from some of the frontier taluks of the State to British India.

These circumstances necessitated greater precautions on the part of Government and a more elaborate organisation. In August 1918 to prevent a possible depletion of stocks, the export of food grains from the State was prohibited except under licences which were to be granted only after the issuing officer satisfied himself that the export was urgently required at the destination, was not abnormal in quantity or direction, and would not prejudicially affect the food requirements of the State. Ookads or watching stations were established on the frontier roads to guard against the unauthorised export of food grains and to collect statistics of grain exported under licence. Frontier police parties were also organised to prevent surreptitious exports. These measures, however helpful in themselves, were found not fully effective in controlling the export of grain as several hundred miles of frontier required much more vigilance to guard than could be devised. Government thereupon in September and October took the additional step of fixing the maximum retail prices of the principal food grains in the districts of Bangalore, Tumkur, Hassan, Kolar and Mysore. But this measure had an altogether unlooked-for result as merchants and agriculturists alike became unwilling to part with their grain at the prescribed maximum rates and preferred to hold up stocks. The distress caused by higher prices synchronised with the wider spread of influenza all over the State.

The cumulative effect of all these adverse circumstances was that the position became serious in November 1918. Rice was actually sold at 3¼ seers per rupee and ragi at 8 seers in Bangalore and even with these abnormally high prices the markets were indifferently supplied. The situation was then carefully reviewed and the policy to be pursued was explained by Sir M. Visvesvaraya at a public meeting at Bangalore held on the 16th November 1918. Detailed instructions were then issued to restrict more rigidly the exports, to compel people to declare stocks, to control movement of grain from village to village, from taluk to taluk, and from district to district, to license wholesale and retail merchants, to fix revised maximum wholesale prices for ragi and rice and to fix a lower maximum for commandeering by Government. In order to work out the scheme, Mr. K. Mathan of the Mysore Civil Service who subsequently rose to be a member of the State Council was appointed a whole-time Food Controller.

At this time Sir M. Visvesvaraya went on leave from 10th December 1918 for six months prior to retirement and was succeeded by Sirdar M. Kantaraj Urs (afterwards Sir) who belonged to the first rank of noblemen in Mysore being the brother of the Dowager-Maharani who was Regent during the minority of her son Krishnaraja Wodeyar IV. Sir M. Kantaraj Urs was born in 1870 and received his early education in the Maharaja's College at Mysore and then joining the Madras Christian College took the B.A. Degree in 1894. He was appointed to the Mysore Service as a probationary Assistant Commissioner and then became Assistant Private Secretary to his sister the Maharani-Regent. He rose to the position of a Member of the State Council in 1913 and continued to hold that place till he was appointed Dewan. He was however not able to take charge of his office till 14th June 1919 on account of illness, and in the meanwhile, Mr. Albion Banerji (afterwards Sir) of the Madras Civil Service, then First Member of the State Council, acted as Dewan. Sir M. Kantaraj Urs was the first Dewan who had no connection either with the Mysore Commission or with the British Service outside the State.

Now reverting to the events of the aftermath of the war, the immediate effect of the more rigid control of food grains was to slightly lower their prices but the effect was temporary. Merchants lost all incentive to bring grain to the market and the agriculturists more tightly held up stocks and only parted with small quantities under compulsion, as the maximum prices fixed were far below the actual market price. Clandestine sales continued in greater volume and frequency, leaving Government powerless to deal with such cases under penalties. The only alternative left for Government was to commandeer stocks to supply areas where there was distress and this was proceeded with. Rice and ragi were supplied to Shimoga, Kolar and Kadur districts and also to the two cities of

Bangalore and Mysore. Two provincial depots were opened in Bangalore and Tumkur and depots at all district and most of the taluk headquarters were also opened according to necessity. From the middle of November to the end of December 1918 nearly 43,000 pallas of food grains were commandeered and this stock was largely supplemented by imports of rice from Burma and elsewhere. Notwithstanding all these expedients, it was found impossible for Government to keep the markets supplied by their own unaided efforts.

The situation was necessarily reconsidered in the light of actual experience and more reliable data. A relaxation of the rules controlling internal trade was then ordered in the hope expressed on all sides that supplies would be more readily coming to the market, Government retaining the power to commandeer at their own rates whenever they considered that there was need to do so. According to this policy, while exports from the State were strictly regulated, all restrictions on internal traffic were withdrawn. Agriculturists and merchants were allowed to sell at their own rate according to the conditions of the market. It was no doubt anticipated that an immediate rise in prices would result from these measures. But this was considered less of a public evil than a total absence of supplies in the markets which was beginning to be felt in every district, people depending entirely on supplies commandeered by Government and sold at below market rates. The strain on Government depots everywhere came almost to a breaking point when not only the poor for whom they were intended but others also resorted in large numbers. Accordingly the attempt to bring under regulation not only export trade but also internal traffic as well as the wholesale and retail distribution of foodstuffs was given up in January and February 1919, and a modified policy was adopted of an absolute control over exports and imported rice and limited control over available stocks to meet emergent demands in the cities of Bangalore and Mysore, district headquarters and other places only for the purpose of bringing relief to the poor.

A preliminary census of foodstuffs was taken in October 1918 and a more detailed one in December following. According to the figures received, the stock of food-grains on the 10th December 1918 was 3,06,493 pallas of rice, 15,78,784 pallas of ragi, 1,51,191 pallas of Jola and 36,044 pallas of Navane, a palla being equal to 100 measuring seers. The new harvest was estimated to yield 12,89,134 pallas of rice, 30,77,817 pallas of ragi, 7,79,470 pallas of Jola and 1,78,416 pallas of Navane. The total supply of all kinds of food-grains was calculated to be sufficient for about 8 months assuming the rate per head of population to be 2 pallas per annum. Whatever policy the Government pursued, there was one point on which there was unanimous agreement at this time, namely, total prohibition of export of food-grains from the State subject only to the fulfilment of the obligations to allow a certain quantity to be exported to Madras, Hosur, Wynad, the Nilgiris and Coorg. In regard to this policy however, a serious difficulty arose when the Government of India sought the co-operation of the Mysore Durbar in the matter of relaxing inter-provincial restrictions in respect of minor food-grains. But the difficulty was overcome by the Government of India permitting the Mysore Government to import in exchange for an equivalent of ragi aud pulses sufficient quantities of rice from Burma, Bengal and Madras, as the quantity of rice grown in the State was not enough for the consumption of the people of the State even during normal years. Various inducements were also offered to the ryots to grow more grain under the Marikanave and Kannambadi channels and under other tanks, chiefly in the shape of cash advances for the purchase of seed grains and manures, or remission of wet assessment on failure of crops.

Though the agricultural season in 1919 was propitious and yielded a liberal harvest, it was found that in the following year the prices did not show a diminution but remained at about 113 per cent above the pre-war level as against 143 per cent in July 1919. All restrictions against the export of food continued therefore to be maintained, local supplies also being augmented by large imports of rice from Burma as the only effective means against profiteering. By May 1921, however, as it was found that the markets were all adequately supplied with the necessary grains, the food depots were all closed, the post of Food Controller was abolished and all restrictions on the export of food grains were withdrawn from the end of June of the same year.

Another effect of the aftermath of the war was the unsettlement caused in the revenues of the State. During the regime of Sir M. Visvesvaraya, both the income as well as the expenditure increased largely. But the increased expenditure was well within the growth of revenue and the surplus in the year 1917-18 was as large as Rs. 52½ lakhs. In the very next year however, the position transformed itself into one of a small deficit. It became necessary therefore to constantly maintain strict scrutiny over all kinds of expenditure and for this purpose the Budget Finance Committee was reorganised and strengthened. After the reorganisation, this committee came to consist of six officials and the same number of non-official members, with one of the members of Government as chairman. Of the six non-official members, two were from among the members of the Representative Assembly by election, one from the Legislative Council and the remaining three were nominated by Government.

Notwithstanding all the care taken, the decrease in revenue persisted on account of high prices, increased cost of living, unstable exchange and inflated currency as well as a shrinkage under certain heads of revenue. Taking the effect of variations in exchange first, the main items of State revenue realised in England were the Royalty payable by the Gold Mining Companies, receipts on account of electric power sold to the Mines and the proceeds of the sale of sandalwood oil. The average annual income under these heads was hitherto Rs. 60 lakhs at the old rate of 1s. 4d. the rupee. The Committee on Indian Exchange and Currency recommended a higher exchange rate for India, the reason among others being that it would not only serve to keep down prices but also would effect a saving in the charges incurred in England. The Government of India accepted this recommendation and as a consequence, the exchange rate became as high as 2s. a rupee. The decrease in receipts for the Mysore Government in the year 1920 amounted to Rs. 13.47 lakhs, of which about Rs. 10½ lakhs was entirely due to the rise in exchange and the remainder to diminished demands for sandalwood oil and tanning bark.

The Government now considered that a stage had been reached at which it was inadvisable to trench further upon the accumulated balances at its credit without jeopardising the capacity of Government to meet current liabilities, it being at the same time found impossible to curtail to any material extent their commitments towards capital expenditure. It became therefore necessary for Government to resort to public loans and to additional taxation to meet their obligations. Accordingly, for the execution of capital works a new loan was floated, the terms of which were announced in July 1920. Prior to the flotation of this new loan, the 4 per cent loan of Rs. 20 lakhs raised in 1906 had been converted into one of $5\frac{1}{2}$ per cent with a currrency of 25 years. Two issues were now offered with a view to meet the varying requirements of investors. One was a seven year loan carrying interest at 7 per cent issued at par and the other was a $6\frac{1}{2}$ per cent long-term loan repayable in 20 to 30 years at par and issued at $97\frac{1}{2}$ per cent. The loans were kept open for subscription for 3 months through the whole of India. The limit to the loan was fixed at 2 crores which was over subscribed. A large amount of subscriptions was received from outside the State testifying to the confidence placed in its credit. The wisdom of establishing the Bank of Mysore was now proved by the active help it gave in placing the loan on the market.

To overcome the difficulty that no adequate return could be expected from the capital works till they were completed while an increase in revenue was urgently required to restore equilibrium between the receipts and expenditure, it also became necessary to resort to additional taxation. Mr. Datta the financial expert had expressed the opinion that Government servants, members of the learned professions, bankers and large industrial concerns in Mysore did not contribute their proper quota of general taxation and the only way to reach them was by the imposition of an income-tax. There were also a large number of persons and companies from outside Mysore who enjoyed the benefits of an advanced administration but paid no tax on their income. A Bill to levy income-tax was accordingly introduced in the Legislative Council and was passed into law in June 1920. At about the same time, an increase was made to the rates of general stamps as well as of court fees. In the first year of the working of the Income-Tax Regulation, the total revenue derived was Rs. 14 lakhs and the number of assessees was 4209.

At the same time, retrenchment measures also became necessary because of the practically stationary character of the revenues, coupled with the substantial increase in the standard of expenditure for some time past. The increased cost of living had necessitated the grant of relief to the subordinate services to the extent of Rs. 20 lakhs per annum, the cost of the upkeep of the army during the German War as well as the higher prices paid for materials and other necessaries for the different service departments had swelled the expenditure. Land revenue which was the mainstay of the resources of the State was practically steady at Rs. 107 lakhs showing little sign of development. The other heads of revenue also showed no perceptible progress except Excise which notwithstanding the increased rates at which the intoxicants were sold to the drinking population, far from showing a diminution was attended with a tendency to show an increase. In February 1922 a special committee was appointed consisting of four non-officials presided over by Sir K. P. Puttanna Chetty to review the State's finances and to formulate proposals for wiping out the deficit and for restoring financial equilibrium. Of the proposals made by this committee for the improvement of revenue as well as for the reduction of expenditure, almost half the number was accepted by Government.

On the 1st May 1922 Sir M. Kantaraj Urs retired from his appointment having again been taken ill and Mr. A. R. Banerji (afterwards Sir) was made permanent Dewan. While holding office, he showed himself as possessed of a genuine desire to advance the interests of the country of his birth, though in his efforts he laboured under considerable handicap on account of physical weakness caused by ill-health.