

## *Chapter - 4*

# *Coinage in Bhutan during Nineteenth-twentieth centuries*

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### **Coinage in Bhutan during Nineteenth-twentieth centuries**

Although coins are a rich source of information to the historians for the bearing of historic themes in their characters, patterns and uses, only a few researches have yet been conducted on this subject with reference to Bhutan. Being a small, landlocked and pastoral economy, this country started the use of precious metals as money in the late sixteenth century.<sup>1</sup> But its use could not spread through the length and breadth of the economy even during the following two centuries due to the scarcity of this medium of exchange. Barter was the rule of the market. That the inadequacy of money limited the monetization of the economy was borne in the fact that there was no inhibition in the society against the use of money. Wherever money was available, it was used. In fact, both the barter and money-using economy went hand in hand for long in Bhutan. Whereas the majority of population made their payment of tax in kind like *kira* (women's garment), butter and grain, a small fraction of population comprising the privileged class paid their taxes in coin. They also used coin in gift and in trade, specifically in foreign trade. These coins were made up of precious metals, especially silver. The mintage and circulation of coin, however, underwent significant improvement during the reign of Ugyen Wangchuk (1907-26).

In this background, one of the principal objectives of the present chapter is to examine the degree of monetization in Bhutanese economy in the early period down to the first quarter of twentieth century. Section 4.1 narrates this development. Section 4.2

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<sup>1</sup> Rhodes, 'The Monetisation of Bhutan', p.80.

explains the types of coins struck in Bhutan during the eighteenth-nineteenth centuries. Section 4.3 deals with the types of coin that were used during the reign of Ugyen Wangchuk. This section also seeks to estimate the addition of money in circulation during this period. Major findings of the study are summarized by way of conclusions in section 4.4.

#### **4.1. Degree of monetization during seventeenth-eighteenth centuries**

Because of the absence of any mint in Bhutan, coins used to come into this country from border countries. It was through trading that Bhutan acquired them from its neighbours like Nepal, Tibet, Cooch Behar and Assam. As Nepal had its own mint, its coins dominated in almost all Himalayan kingdoms like Tibet, Sikkim and Bhutan. Even Tibet used to strike her coins from Nepal and it continued for about 200 years since the 1570. Only in the 1790s, China established a mint at Lhasa in Tibet where production continued till 1836. As Tibet and China were the trading partners of Bhutan, the latter undoubtedly obtained coins from those countries. During the eighteenth century the coins of Cooch Behar were also available in Bhutan. Those so-called *Narayani* Rupees circulated throughout north Bengal, including Rangpur, and also in the surrounding nations like Nepal, Bhutan, and Sikkim.<sup>2</sup> Also current were the octagonal-shaped silver coins of Assam that entered Bhutan through the Bhutanese trade route to Hazo and those remained in circulation well through the first quarter of the nineteenth century. Along with the coins of Cooch Behar and Assam, French *Arkot* rupees, struck in Pondicherry, also entered Bhutan from the French trading station at Goalpara in Assam.

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<sup>2</sup> [http://coochbehar.nic.in/HTMfiles/Narayani\\_currency.html](http://coochbehar.nic.in/HTMfiles/Narayani_currency.html).

Another channel of coin inflow in Bhutan was the regular subsidy that the British Indian Government gave to Bhutan. It was a type of bounty that was paid as a compensation for the annexation of the *duars*. Initially the amount was Rs. 50,000 per annum, subsequently increased to Rs 100,000 in 1910.

Money also flew into Bhutan from the *duar* region and there were many channels of it. Firstly, the governors and secretaries in Bhutan received money from the *Soubha* (Bhutanese officers under the *Penlops* who were in charge of the *duars* and the mountain passes leading to Bhutan) of Bengal *duars*. From the *Soubha* of Buxa *duar*, for example, the governor of Thimphu (Tassisudon) annually received Rs. 800.<sup>3</sup> Secondly, money was used as a bribe that *duar* cattle owners paid to the Bhutanese *sepoys* (guards) deputed at the Bhutan-Bengal frontier. Indeed, a large number of cattle-owners lived in this belt, and this was confirmed by the large quantity of milk products, especially butter, that was regularly exported from this place. As the amount of tax per milch cow was fairly high, the cattle-owners evaded tax by bribing to *sepoys* in the border. Thirdly, by allowing *duar* inhabitants to cut trees and bamboos from the forest, the Bhutanese administrators earned money from them. We add that in Balla and Buxa *duar* region the Bhutanese officials imposed taxes on the cultivators to be paid in terms of money.<sup>4</sup>

While foreign currencies were earned by way of exporting merchandise and otherwise, imports gave way to their leakage. For importation of food stuffs from Cooch Behar, Bhutan made her payment in money. Mostly *Narayani* Rupees were sent for the purpose. In 1837 yearly demands from Buxa *duar*, Ghurkolla *duar* and Bijni *duar* were to

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<sup>3</sup> Bose, Account of Bootan (1815), p.345.

<sup>4</sup> Gupta, British Relations with Bhutan, p.205.

the tune of 9010, 3950 and 2604 *Narayani* Rupees respectively.<sup>5</sup> The commodity exchange was also in vogue but it was only at a much lesser extent. In view of these leakages, however, we should take up the balance of trade to account for the accumulation of currency that the foreign trade generated. To this end, we note that only with Assam, Bhutan's balance of trade on the private account was about Rs.27,687 per annum in the late nineteenth century<sup>6</sup>. Private traders apart, the Dharma Raja and the Deb Raja of Bhutan were the main traders. They used to invest annually a sum of Rs.25-30 thousand and Rs.40 thousand respectively during the first quarter of nineteenth century<sup>7</sup>.

Once money came in by the route of trade or otherwise, it started circulating among different segments of the economy. The circulation of money in Bhutan took place mainly between the Government and the people of Bhutan. Intra-people transactions of coin were few and far between. As in the initial monetization process in other countries, the payment of tax in cash was the principal channel of money circulation from the public to the government. It is true that until the later half of the twentieth century the majority of Bhutanese population paid the tax in kind. But the payment of tax in money had also been prevalent in Bhutan for long. The enthronement record of the Dharma Raja showed that in 1747, twenty six percent of tax-paying households in western Bhutan paid their taxes in coin.<sup>8</sup> Also, the cattle-owners were to pay tax in cash and the rate was 6 *Narayani* rupees per milch cow.<sup>9</sup> Indeed, the government always encouraged to this mode of tax payment by discriminating the

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<sup>5</sup> Pemberton, Report on Bootan, pp.100-101.

<sup>6</sup> Vide Table 3.1,

<sup>7</sup> Bose, Account of Bootan (1815), p.343.

<sup>8</sup> Ardussi, 'Population and Governance in mid-18<sup>th</sup> century Bhutan', p.48.

<sup>9</sup> Eden, Report on the State of Bootan and on the Progress of the Mission of 1863-64, p.112.

payment of gifts among tax-payers in cash and kind. Evidences show that for the payment of tax in coins every agricultural household, locally called *lonthrel*, received a gift of one silver coin while another category of agricultural households, called *mathrel*, and other serf families received only a half silver coin.<sup>10</sup>

Governors who collected tax paid the same in cash as tributes to the Deb Raja. It is evident that the Deb Raja used to receive Rs.3,500, Rs.1,000, Rs.4,000 and Rs.3,000 from the governors of Paro, Wandipoor, Tongsa, and Tagna respectively as the yearly tribute.<sup>11</sup> The Deb Raja also got the proceeds of fine for criminal offences. In Bhutan, the 'punishment for the most heinous offences may be condoned on payment of a fine'<sup>12</sup> and it was Rs.126 per murder. Also the Dharma Raja received cash from various sources such as from the appointment of the Officers of State at the rate of Rs. 2,000, and also from various religious ceremonies.

We have adumbrated above that tax-payers in cash received the gift from the government. In fact, the payment of gift in cash by the government in various occasions was a regular practice in Bhutan for long. Gift giving was often described as 'the cement that holds society together'<sup>13</sup> and as 'a means of drawing hierarchical lines between wealthy and poor, powerful and weak, and honorable and dishonorable'.<sup>14</sup> Indeed, repeated gifting led to the circulation and redistribution of money within a community. Available records show that in 1680, the fourth Deb Raja distributed 2000 silver coins among the citizens, and in 1707, the eighth Deb Raja distributed one silver coin each to

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<sup>10</sup> Ardussi, 'Population and Governance in mid-18<sup>th</sup> century Bhutan', p.43.

<sup>11</sup> Bose, Account of Bootan (1815), p.346.

<sup>12</sup> Pemberton, Report on Bootan, p.56.

<sup>13</sup> [http://www.accessmylibrary.com/coms2/summary\\_0286-9340604\\_ITM](http://www.accessmylibrary.com/coms2/summary_0286-9340604_ITM)

<sup>14</sup> *ibid.*

all citizens, including the monks. Similarly, the thirteenth Deb Raja distributed silver coins eight times during his reign (1744-63) among the citizens, each time a silver coin per recipient,<sup>15</sup> and the nineteenth Deb four times during his reign 1823-31. Such gift giving, indeed, popularized the hierarchical rule, and it continued even after the establishment of monarchism in the early twentieth century. Not only Ugyen Wangchuk, the first Maharaja of Bhutan, distributed silver coins as ceremonial gifts but he also introduced the payment of gift by a newly appointed attendant in his regime at the rate of three copper coins to the king directly,<sup>16</sup> and the custom of paying gift in silver coin by a high ranking traveler to his host, in appreciation for the hospitality received.

Apart from the circulation of coins between the government and the public, money was used in transaction with foreign traders. Indeed, monetary transactions were frequent in the market places at Paragong, Tassisudon, and Punakha where foreign traders were dominant. In addition to silver coins, copper coins were gradually introduced in these markets but those were confined to the transactions among the local people. .

From the above narration it is clear that the economy of Bhutan became monetized to some extent during the eighteenth-nineteenth centuries. According to one estimate, total population in Bhutan was 261,340 in 1747, 312,500 in 1796 and 468,750 possibly in 1831 while tax paying households are estimated at 27,223, 40,000 and 60,000 in respective years.<sup>17</sup> Since, on the average, each household paid one *Narayani* Rupee (equivalent to one-third of Indian Rupee), tax payment in cash comes to Rs.9,074, Rs.16,666 and Rs.20,000 in those respective years. The use of money in the payment of

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<sup>15</sup> Rhodes, 'Coinage in Bhutan', p. 86.

<sup>16</sup> Rhodes, 'The Monetisation of Bhutan', p.86.

<sup>17</sup> Ardussi, 'Population and Governance in mid-18<sup>th</sup> Century Bhutan', p.54.

tax thus grew at the rate of 1.69 per cent per annum during 1747-96 and 0.57 during 1796-1831. Therefore, the monetization in tax seems to have picked up during 1747-96 but it significantly slowed down later on. On the whole, however, Bhutan experienced only 1.13 per cent rate of monetization in tax revenue during 1747-1831, which undoubtedly belonged to very slow trajectory.

#### 4.2. Bhutanese coins during the eighteenth-nineteenth centuries

Bhutanese people had prejudice against the establishment of mint. This feeling was so strong that in spite of its necessity, Bhutan never set up mint on her own for long. She rather struck coins from the mint of Cooch Behar. Turner mentioned "...[L]ocal prejudices against the establishment of a mint, have given the narainee [*Narayani*] in these regions [Bhutan], as well as in those [Cooch Behar] where it is struck, a common currency, though both countries were perfectly independent of each other, and totally different in their language and manner".<sup>18</sup> Fine silver content of Cooch Behar coin and its easy availability might be another reason for Bhutan's apathy towards the minting institution. The coins of Cooch Behar which consistently weighed about 4.7 g contained 80 percent fine silver.<sup>19</sup> Assaying of these coins at Calcutta mint showed their fineness at 79.2-86.7 percent. Though this guaranteed the age-old acceptance of the *Narayani* in Bhutan, it came all of a sudden to an end when the British consolidated their power in North Bengal, and forcibly closed the mint of Cooch Behar for the sake of uniformity in coins in and around the British Empire.

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<sup>18</sup> Turner, *An Account of an Embassy to the Court of the Teshoo Lama in Tibet*, pp.143-144.

<sup>19</sup> Rhodes, 'Coinage in Bhutan', p.90.

After the closure of Cooch Behar mint, however, Bhutan went for her own coin under the nomenclature of Deb Rupee. Pemberton commented in 1838, "The coin....is almost entirely confined to a silver one called 'Deba,' nominally of the value of the Company's half-Rupee".<sup>20</sup> Several mints were established in Bhutan around that period; initially at Paro, Tongsa and Tagna, and then at Punakha and Thimphu as well. In the contemporary Bhutan, the mintage right was, however, reserved for the Dharma Raja, the Deb Raja and the *Penlops*. There is evidence that in the beginning those domestic coins had good metal content. Excepting for a few large coins that weighed about 11.5g, the early Deb Rupee had a consistent weight of 4.5g with 80 percent fineness.<sup>21</sup> Two silver coins of 1790-1820 were recently found in Bhutan weighing 4.7g and 4.8g respectively, similar to the *Narayani* Rupee.<sup>22</sup> The data-base of American Numismatic Society incorporates nine surviving silver coins of Bhutan for 1820-1835. Out of them, five coins had weights in the range of 4.6-4.7 grams, two within 4.4-4.5 grams, and the rest below thereof. Between the upper and the lower values of these weights, the difference is worked out at less than 10.5 per cent. It may, therefore, be concluded that a uniform and standard mintage practice was followed in different mints of Bhutan during the late eighteenth century.

But there was a sharp deterioration in this practice thereafter. Evidences corroborate that the deterioration started by 1830 itself. In that year, 1044 Deb Rupees were assayed at Calcutta Mint, and their results indicated fineness at only 56.25-58.33 per

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<sup>20</sup> Pemberton, Report on Bootan, p.64.

<sup>21</sup> Rhodes, 'Coinage in Bhutan', p.92.

<sup>22</sup> American Numismatic Society's Data Base, <http://data.numismatics.org/cgi-bin/objsearch>

cent.<sup>23</sup> Thus, from 80 per cent in the early phase of coinage, the fineness deteriorated to 50 per cent later on. To account for this deterioration we note that in the absence of any state control on minting in Bhutan, the fineness of coins depended solely on the integrity of the *Soubha*. They maintained such integrity initially for the sake of introducing new coins in the society. But once those were accepted at large, higher profitability dominated their decisions. While noting the bad fineness of Bhutanese coins, Rhodes commented, “[A]s the degree of purity of the metal is entirely dependent on the personal honesty of the Soobah, so great a variety is found in the standard value of the coin”.<sup>24</sup>

Debasement of Bhutanese coins in the nineteenth century was also probably triggered by growing scarcity of minting metal in that country. In view of no silver mine in Bhutan, she acquired it by way of trade with other countries, especially Tibet. But since her trade was severely affected in the context of her political instability during the nineteenth century, silver became scarce in that country, and gave rise to malpractices in mintage. A parallel development out of this shortage was the introduction of silver-coated copper coins in Bhutan around that period, which were replaced very soon by pure copper coins.<sup>25</sup> Those coins were minted by the *Penlops*, other local rulers as well as privately by the owners of copper fields in the country. Though unacceptable in foreign trade, those coins largely subserved domestic transactions mainly at retail levels. Many such coins for the period 1820-1910 have been collected at American Numismatic Society. Table 4.1 summarizes the details of contemporary coins available there.

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<sup>23</sup> Rhodes, ‘Coinage in Bhutan’, p.94.

<sup>24</sup> Pemberton, Report on Bootan, p.65.

<sup>25</sup> Rhodes, ‘The Monetisation of Bhutan’, p.85.

**Table 4.1:** Weight range of copper coins in Bhutan minted during 1820-1910

Year of Coinage	Weight range (in gram)	Variation	Mean Weight (in gram)	Rate of Debasement
1820-1835	5.23-3.15	66.03 %	4.190	-
1840-1864	4.32-3.61	19.67 %	3.965	- 5.36%
1865-1900	4.50-1.89	138.09 %	3.195	- 19.41%
1900-1909	3.81-1.19	220.17 %	2.500	- 21.75%
1910	3.14-1.17	168.84 %	2.155	- 13.80%

Source: American Numismatic Society's Data Base

A wide variation in the weight of Bhutanese copper coins is thus evident in the table. Both intra-period and inter-period variations are present in these data. The intra-period coin variations are, however, seen to have been increasing over the period. As against 19.67 percent variation for the coins of 1840-65, it was about 138 percent for those of 1865-1910, 220 per cent for these of 1900-10, and 168 per cent for 1910. Inter-period variations in their values indicate that there was steady debasement of such coins. At the mean level of weight there was a debasement of 5.36 percent during 1840-64, 19.41 per cent during 1865-1900 and 21.75 per cent during 1900-10. Thus, both in respect of silver and copper metals, Bhutanese coins sharply deteriorated in fineness during the nineteenth and the early twentieth century.

Although deterioration in fineness signified a falling standard of Bhutanese coins, it served a great economic interest, viz. that money did not flow out of the economy. It was frequent in the previous centuries of metallic standard that money slipped out of the countries where standard currencies were struck. Similar was the experience in Cooch Behar, which witnessed an exodus of the *Narayani* Rupee to the Himalayan Kingdoms suffering thereby from its scarcity. But Bhutan's currency, once struck, remained in domestic circulation for long.

### 4.3. Bhutanese coins during 1907-26

Coinage in Bhutan improved significantly during the reign of Ugyen Wangchuk (1907-26) who took several measures to this end. He himself visited Calcutta Mint in 1906 to enrich his vision for currency reform in his own country. In the first place, he entrusted Calcutta Mint with the job of supplying the dies of Bhutanese coins in 1909 according to the design to be supplied by Bhutan.<sup>26</sup> This measure undoubtedly standardized coinage at a higher degree of fineness. Secondly, for the sake of adequate control over minting, the right to mintage was given only to two authorities, viz. the Paro *Penlop* Tsering Penjor and Gongzim Ugyen Dorji. Ugyen Wangchuk also struck coins at his own mint located at Yudrong Choling. Using fine silver or by melting *Betam* (Tibetan coins) at his own mint, he struck what was called *Norbhu Phubchen*.<sup>27</sup> A few silver coins were also minted in a flan of Tibetan coin that the Chinese struck in Lhasa in 1910, weighing about eight grams. Thirdly, Tsering Penjor was also given the responsibility for the innovation in coin design. Under his guidance, artistic quality of coins was designed with Bhutanese own emblem on it.<sup>28</sup>

Most of the workers in Bhutan's mints were Cooch Beharis whose predecessors had been captured as slaves in 1860 by Jigme Namgyal, the father of Ugyen Wangchuk. Those people mostly settled at Tongsa and married local girls. Some of them also settled near the copper mines located in different places of Bhutan to work in mines or in copper mints that were run privately.<sup>29</sup>

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<sup>26</sup> Rhodes, 'Coinage in Bhutan', p.109.

<sup>27</sup> Rhodes, 'The Monetisation of Bhutan', p.86.

<sup>28</sup> *ibid*, p.100.

<sup>29</sup> *ibid*, p.99.

Silver coins apart, brass and copper currencies were also minted in Bhutan. A number of such currencies minted during 1900-1928 have been collected at the American Numismatic Society. Table 4.2 classifies them on the basis of their weights.

**Table 4.2:** Weight-wise number of copper coins during 1900-28.

Weight ranges (gram)	1.0-2.0	2.0-3.0	3.0-4.0	4.0-5.0	5.0-6.0	6.0-7.0	Total
Number of coins	25 (28.41)	21 (23.86)	28 (31.82)	10 (11.36)	3 (3.41)	1 (1.14)	88 (100)

Source: American Numismatic Society's Data Base

This table indicates that copper coins dominated the low-end currency market with about 85 per cent of such coins weighing below four grams. Only about 15 per cent were weighted at 4-7 grams. Predominance of lower denomination in copper coins possibly followed from the fact that such coins were transacted in petty retail trade rather than in wholesale or foreign trade during the Wangchuk's regime.

Apart from minting on her own, Bhutan continued to receive the traditional flow of specie from her neighbors. Both India and China contributed to this flow. The Chinese silver coins that entered in eastern Bhutan were called *Gormo* as they were round shaped. Also entered in large quantities the coins called *Betam*, which were struck at Lhasa. These were, however, largely debased silver coins forming 'the main coin in circulation until well into the reign of the second king.'<sup>30</sup> They were about 50 percent fine and two such coins were equivalent to one fine silver Bhutanese coin.

Our analysis thus shows that accretion to money supply in Bhutan took place from two sources: i) mintage of bullion which the country imported, and ii) import of

<sup>30</sup> *ibid*, p.106.

specie that occurred due to surplus balance of trade. To estimate the additional money supply from the former source, we report in Table 4.3 the import and export of treasure in Bhutan during 1900-25. The starting year of the period under study coincides with the era of domestic peace in this kingdom.

**Table 4.3: Net import of treasure during 1900-25**

(in Rs.)			
Year	Bhutan's Treasure import from British India	Bhutan's Treasure export to British India	Net import value of treasure
1900-01	-	2,025	- 2,025
1901-02	-	45	- 45
1902-03	105	-	105
1903-04	180	-	180
1904-05	-	-	-
1905-06	-	7,265	- 7,265
1906-07	1,336	1,363	- 27
1907-08	5,457	3,180	2,277
1908-09	10,040	1,855	8,185
1909-10	3,021	900	2,121
1910-11	1,859	7,300	- 5,441
1911-12	51,896	4,650	47,246
1912-13	2,700	1,570	1,130
1913-14	4,758	9,123	- 4,365
1914-15	4,112	88,561	- 84,449
1915-16	4,035	7,138	- 3,103
1916-17	4,448	6,990	- 2,542
1917-18	-	19,035	- 19,035
1918-19	4,615	5,040	- 425
1919-20	3,689	1,035	2,654
1920-21	3,234	5,355	- 2,121
1921-22	7,196	800	6,396
1922-23	11,439	16,480	- 5,041
1923-24	7,103	-	7,103
1924-25	9,108	-	9,108
<b>Total</b>	<b>140,331</b>	<b>189,710</b>	

Source: [dsal.uchicago.edu/statistics/1894\\_excel/1894.165.XLS](https://dsal.uchicago.edu/statistics/1894_excel/1894.165.XLS), [dsal.uchicago.edu/statistics/1894\\_excel/1894.166.XLS](https://dsal.uchicago.edu/statistics/1894_excel/1894.166.XLS) and various issues of Accounts Relating to the Trade by land of British India with Foreign Countries for twelve months, April 1907 to March 1925.

N.B. '-' indicates nil

There had thus been regular inflow and outflow of treasure from 1906-07 onwards. For the pre-war period (1907-14) the average import of treasure was Rs.11,390 while its export stood at Rs.2,796 on the average. These series moved, however, differently during World War I. The former depressed by about 70 per cent on the average during the war period. Though it revived by around 102 per cent in the post-war period, it could not reach the pre-war level even in 1924-25. For the export series, however, we encounter a steep rate of growth, viz. 806 per cent during the war period and then deceleration by about 84 per cent after the war. These opposite directions of the movements of the series are not difficult to explain. Huge requirement of resource in British India during World War I not only reduced the import of treasure in Bhutan but also increased its inflow from that country. It may be added in this context that the king Ugyen Wangchuk contributed Rs.100 thousand to British India on that occasion.

Province-wise Bhutan's transaction of treasure with British India, presented in Table 4.4, shows that while Bhutan regularly imported and exported treasure from Bengal throughout Ugyen Wangchuk's reign, it was irregular with Assam and Eastern Bengal. In so far as the later transaction was concerned (vide Columns 3 and 5 of Table 4.4), Bhutan only imported it from those places during 1907-12 while during 1913-23 she was solely an exporter. In aggregate, however, Bengal's transaction with Bhutan accounted from 67-70 per cent of Bhutan's export and import of treasure.

Net positive import of treasure is considered here to mean for mintage. But the negative net import of treasure does not curtail the supply of money. It used to be adjusted perhaps with the surplus balance of trade. The year 1911-12 is, however, omitted

from all calculations as it represented an unusual year when very high exodus of treasure took place.

**Table 4.4: Bhutan's treasure import from and export to Bengal and Assam & Eastern Bengal**

(in Rs.)						
Year	Bhutan's treasure import from Bengal	Bhutan's treasure import from Assam and Eastern Bengal	Bhutan's treasure export to Bengal	Bhutan's treasure export to Assam and Eastern Bengal	Bhutan's net treasure import from Bengal	Bhutan's net treasure import from Assam and Eastern Bengal
1907-08	1,964	3,493	3,180	-	-1,216	3,493
1908-09	1,490	8,550	1,855	-	-365	8,550
1909-10	490	2,531	900	-	-410	2,531
1910-11	1,600	259	7,300	-	-5,700	259
1911-12	20,865	31,031	4,650	-	16,215	31,031
1912-13	2,700	-	1,570	-	1,130	-
1913-14	4,758	-	4,600	4,523	158	-4,523
1914-15	4,112	-	87,050	1,511	-82,938	-1,511
1915-16	4,035	-	1,000	6,138	3,035	-6,138
1916-17	4,448	-	2,000	4,990	2,448	-4,990
1917-18	-	-	8,635	10,400	-3,635	-10,400
1918-19	4,615	-	2,100	2,940	2,515	-2,940
1919-20	3,689	-	300	735	3,389	-735
1920-21	3,234	-	500	4,855	2,734	-4,855
1921-22	7,196	-	-	800	7,196	-800
1922-23	11,439	-	100	16,380	11,339	-16,380
1923-24	7,103	-	-	-	7,103	-
1924-25	9,108	-	-	-	9,108	-
<b>Total</b>	<b>92,846</b>	<b>45,864</b>	<b>125,740</b>	<b>53,272</b>		

Source: Various issues of Accounts Relating to the Trade by land of British India with Foreign Countries for twelve months, April 1907 to March 1925.

N.B. '-' indicates nil

Out of the imported treasure a part was always used for the purpose of making jewellery and pan-boxes in Bhutan. Due to non-availability of relevant data we consider that 33 per cent of the same were used for this purpose.<sup>31</sup> Table 4.5 estimates the coinage in Bhutan from the imported treasure. We have considered the average weight of Bhutanese silver coin (*Ma Tam*) is 4.5 gram,<sup>32</sup> and one metric ton of silver is equivalent to Indian rupees 90324.80

**Table 4.5: Estimation of coinage in Bhutan out of imported treasure**

Year (1)	Net import value of treasure in Rupees (2)	Value of silver used in jewellery making (in Rupees) (3)	Value of silver used in minting (in Rupees) (4)	Net weight of silver coins (in gram) (5)	Number of Bhutanese silver coins (in <i>Ma Tam</i> ) (6)
1902-03	105	35	70	775	172
1903-04	180	60	120	1,329	295
1907-08	2,277	759	1,518	16,806	3,735
1908-09	8,185	2,728	5,457	60,415	13,426
1909-10	2,121	707	1,414	15,655	3,479
1912-13	1,130	377	753	8,337	1,853
1919-20	2,654	885	1,769	19,585	4,352
1921-22	6,396	2,132	4,264	47,207	10,490
1923-24	7,103	2,367	4,736	52,433	11,651
1924-25	9,108	3,036	6,072	67,224	14,939
Total	39,259	13,086	26,173	289,766	64,392

Source: Computed from Table 4.3

<sup>31</sup> Evidence of Stewart Pixley, Q.No. 175-179.

<sup>32</sup> Calculated from American Numismatic Society's Data Base.

The accretion of specie from the balance of payment has been estimated as follows. We first obtain the surplus trade balance of Bhutan during 1907-25 from our analysis in Chapter 7 (vide Column 2 of Table 4.6). From this series we deduct the negative net import of treasure on the basis of the presumption that it was financed out of trade surplus. Column 4 of Table 4.6 shows the increase in money supply of Bhutan due to favorable balance of payment. Adding it up with fresh coinage from imported bullion, we get year-wise total increase in Bhutan's money supply.

Table 4.6 shows that money supply did not smoothly increase in Bhutan during 1900-25. Increasing by *Ma Tam* 13,155,598 per annum during 1900-07, it slumped to *Ma Tam* 2,299,026 per annum during 1907-11. A steady-state growth followed during 1912-18 when it was as high as *Ma Tam* 17,116,107 per annum. In the following period of 1918-25, the rate of accretion stood at *Ma Tam* 14,980,037 per annum. On the whole, our estimate indicates that Bhutan's money supply increased by *Ma Tam* 13,427,921.22 every year, i.e. by Indian Rs. 483,405,163.82 per year.

**Table 4.6:** Estimation of additional coins in Bhutan during 1900-25

Year (1)	Surplus Balance of trade (in Indian Rs.) (2)	Proceeds of balance of trade required to finance net export of treasure (in Indian Rs.) (3)	Net amount of coins from trade balance (in Indian Rs.) (4)	Equivalent <i>Ma Tam</i> of Indian rupee* (in <i>Ma Tam</i> ) (5)	Fresh coinage (in <i>Ma Tam</i> ) (6)	Total addition of coins (in <i>Ma Tam</i> ) (7)
1900-01	7,913	2,025	5,888	211,968	-	211,968
1901-02	19,397	45	19,352	696,672	-	696,672
1902-03	19,043	-	19,043	685,548	172	685,720
1903-04	45,472	-	45,472	1,636,992	295	1,637,287
1904-05	547,448	-	547,448	19,708,128	-	19,708,128
1905-06	1,049,424	7,265	1,042,159	37,517,724	-	37,517,724
1906-07	878,685	27	878,658	31,631,688	-	31,631,688
1907-08	87,281	-	87,281	3,142,116	3,735	3,145,851
1908-09	34,319	-	34,319	1,235,484	13,426	1,248,910
1909-10	38,659	-	38,659	1,391,724	3,479	1,395,203
1910-11	100,056	5,441	94,615	3,406,140	-	3,406,140
1912-13	399,195	-	399,195	14,371,020	1,853	14,372,873
1913-14	302,402	4,365	298,037	10,729,332	-	10,729,332
1914-15	413,862	84,449	329,413	11,858,868	-	11,858,868
1915-16	488,031	3,103	<del>484,928</del>	17,457,408	-	17,457,408
1916-17	283,688	2,542	281,146	10,121,256	-	10,121,256
1917-18	1,078,949	19,035	1,059,914	38,156,904	-	38,156,904
1918-19	233,113	425	232,688	8,376,768	-	8,376,768
1919-20	187,258	-	187,258	6,741,288	4,352	6,745,640
1920-21	412,067	2,121	409,946	14,758,056	-	14,758,056
1921-22	433,796	-	433,796	15,616,656	10,490	15,627,146
1922-23	549,305	5,041	544,264	19,593,504	-	19,593,504
1923-24	557,391	-	557,391	20,066,076	11,651	20,077,727
1924-25	546,291	-	546,291	19,666,476	14,939	19,681,415
Total	8,713,045	135,854	8,577,191	308,777,796	64,392	308,842,188

Source: dsal.uchicago.edu/statistics/1894\_excel/1894.165.XLS, dsal.uchicago.edu/statistics/1894\_excel/1894.166.XLS and various issues of Accounts Relating to the Trade by land of British India with Foreign Countries for twelve months, April 1907 to March 1925.

N.B. '-' indicates nil, \* 1 Rupee = 36 *Ma Tam*.

#### 4.4. Conclusion

During the seventeenth-eighteenth centuries, foreign coins like Tibetan coins, Assamese coins and *Narayani* coins of Cooch Behar were in circulation in Bhutan. These coins flowed in from various sources, mainly the country's trading activities with her neighbours and subsidies given by the British Government. Within the country the circulation of currency took place between the government and the public. While the public gave it to the government in the form of tax, the government many a times provided the public with currency on auspicious occasions. Coins were not, however, exchanged in petty retail transactions; their uses were confined to large business centres of the country where foreign traders participated. However, we have estimated that Bhutan's tax payment was monetized at the rate of 1.13 per cent per annum during 1747-1831.

From the first half of the nineteenth century Bhutan started striking her own silver coin, the Deb Rupee. Initially this currency had a consistent weight with 80 per cent fineness but due to the shortage of silver and the dishonesty of minting authorities, the fineness deteriorated. The silver shortage also gave rise to the use of copper coins in the country. This study reveals that copper coins also deteriorated during the nineteenth and the early twentieth century.

A standard form of the Bhutanese coin emerged only after the enthronement of Bhutan's first monarch Ugyen Wangchuk. He regularized this system by various measures such as the confinement of minting privileges to limited authorities, standardization of coins, and the use of dies manufactured at Calcutta mint.

Bhutan's currencies in use, however, came from two sources, foreign sources (since foreign coins, especially Indians, were accepted in all transactions) and domestic mints which minted the imported treasure and the proceeds of trade balance. This study has estimated that during 1900-25 total accretion of the Bhutanese coin was of the order of *Ma Tam* 308,842,188. Out of these, *Ma Tam* 64,392 were minted in the country, and *Ma Tam* 308,777,796 came from British India.