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Coinage in Bhutan During the 19th and 20th Centuries

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Although coins are a rich source of information due to their historic character, patterns and uses, little research has been conducted on this subject with reference to Bhutan.

Being a small landlocked and pastoral economy, Bhutan started using precious metals as money in the late 16th Century.¹ But its usage failed to spread through the length and breadth of the economy during the following two centuries due to the scarcity of this form of exchange. Barter was the rule of the market. 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 a long time in Bhutan. Whereas the majority of population paid their tax in kind with *kira* (women's garment), butter and grain, a small fraction of population comprising the privileged class paid their tax in coins. They also used coins for gifts and trade, specifically foreign trade. These coins were made of precious metals, especially silver. The mintage and circulation of coins, however, underwent significant improvement during the reign of King Ugyen Wangchuck (1907-26).

One of the principal objectives of this paper is to examine the degree of monetisation in the Bhutanese economy from the early period to the first quarter of the 20th Century. Section I narrates this development. Section II explains the types of

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¹ Rhodes, 'The Monetisation of Bhutan', p.80.

coins struck in Bhutan during the 18th-19th Centuries. Section III deals with the types of coins that were used during the reign of Ugyen Wangchuck. This Section also seeks to estimate the addition of money in circulation during this period. Major findings of the study are summarised by way of conclusions in section IV.

Section I: Degree of monetization during 17-18th Centuries

Because of the absence of any mint in Bhutan, coins entered the country from neighbouring countries. It was through trading that Bhutan acquired coins from Nepal, Tibet, Cooch Behar and Assam. As Nepal had its own mint, its coins were dominant in almost all Himalayan kingdoms like Tibet, Sikkim and Bhutan. Even Tibet struck her coins from Nepal and continued to do so for about 200 years from 1570. It was only in the 1790s that 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 18th Century the coins of Cooch Behar were also available in Bhutan. These so-called *Narayani* Rupees circulated throughout north Bengal, including Rangpur, and also in the surrounding nations like Nepal, Bhutan, and Sikkim.² Also current were the octagonal-shaped silver coins of Assam that entered Bhutan through the Bhutanese trade route to Hazo, and remained in circulation until at least 1825. Along with the coins of Cooch Behar and Assam, French *Arkot* rupees, struck in Pondicherry, also entered Bhutan from the French trading station located at Goalpara in Assam.

² 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 compensation for the annexation of the *duars*. Initially the amount was Rs. 50,000 per annum, and was subsequently increased to Rs 100,000 in 1910.

Money also arrived in Bhutan from the *duar* region. 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 the Bengal *duars*. From the *Soubha* of Buxa *duar*, for example, the governor of Thimphu (Tassisudon) annually received Rs. 800.³ Secondly, money was used as a bribe that *duar* cattle owners gave to the Bhutanese *Sepoys* (guards) at the Bhutan-Bengal frontier. Indeed, a large number of cattle-owners lived in this area, which was confirmed by the large quantity of milk products, especially butter that was regularly exported. As the amount of tax per milch cow was fairly high, the cattle-owners evaded tax by bribing the *Sepoys* at the border. Thirdly, by allowing *duar* inhabitants to cut trees and bamboo from the forest, the Bhutanese administrators earned extra money. In the Balla and Buxa *duar* region, Bhutanese officials imposed taxes on the cultivators to be paid in money.⁴

While foreign currency was earned through exporting merchandise and otherwise, imports gave way to their leakage. For importing food stuffs from Cooch Behar, Bhutan paid in money - mostly in *Narayani* Rupees. In 1837 yearly demands from Buxa *duar*, Ghurkolla *duar* and Bijni *duar* were to the tune of 9,010, 3,950 and 2,604 *Narayani* Rupees respectively.⁵ The commodity exchange was also in vogue but

³ Bose, Account of Bootan (1815) in Kuloy (ed.), Political Missions to Bootan, p.345.

⁴ Gupta, British Relations with Bhutan, p.205.

⁵ Pemberton, Report on Bootan, pp.100-101.

too 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 it was only with Assam that Bhutan's balance of trade on the private account was about Rs.27,687 per annum in the late 19th Century⁶. 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.25-30,000 and Rs.40,000 respectively during the first quarter of 19th Century⁷.

Once money started to come into Bhutan it began circulating among the different segments of the economy, although mainly between the Government and the people of Bhutan. Intra-people transactions of money were few and far between. Similar to the initial monetisation process in other countries, the payment of tax in cash was the principal channel of money circulation from the public to the Government. Until the later half of the 20th Century the majority of the Bhutanese paid their tax in kind, although the payment of tax in money had also been prevalent in Bhutan for a long time. The enthronement record of the Dharma Raja showed that in 1747, 26 percent of tax-paying households in western Bhutan paid their taxes in coin.⁸ Cattle-owners also paid tax in cash at 6 *Narayani* rupees per milch cow.⁹ Indeed, the government encouraged this mode of tax payment by discriminating the payments of gifts among tax-payers in cash and kind. Evidence shows that for the payment of tax in coins every

⁶ Ray and Sarkar, 'Reconstructing of Nineteenth Century Trade Route between Bhutan and Assam: Evidences from British Political Missions', *Journal of Bhutan Studies*, vol.13, Winter, p.10.

⁷ Bose, Account of Bootan (1815) in Kuloy (ed.), Political Missions to Bootan, p.343.

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

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

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.¹⁰

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 yearly tribute.¹¹ The Deb Raja also received the proceeds of fines for criminal offences. In Bhutan, the 'punishment for the most heinous offences may be condoned on payment of a fine'¹². It was Rs.126 per murder. The Dharma Raja also received cash from various sources including the appointment of the Officers of State at the rate of Rs. 2,000, and also from religious ceremonies.

We have established that tax-payers who paid in cash received a gift from the government. In fact, the payment of gifts in cash by the government on various occasions had long been a regular practice in Bhutan. Gift giving was often described as 'the cement that holds society together'¹³ and as 'a means of drawing hierarchical lines between wealthy and poor, powerful and weak, and honorable and dishonorable'.¹⁴ Indeed, it was the repeated gift-giving that led to the circulation and redistribution of valuables within a community.

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

¹¹ Bose, Account of Bootan (1815) in Kuloy (ed.), Political Missions to Bootan, p.346.

¹² Pemberton, Report on Bootan, p.56.

¹³ http://www.accessmylibrary.com/coms2/summary_0286-9340604_ITM

¹⁴ *ibid.*

Available records show that in 1680, the fourth Deb Raja distributed 2,000 silver coins among the citizens, and in 1707, the eighth Deb Raja distributed one silver coin each to 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,¹⁵ and the 19th Deb gave a silver coin four times during his reign 1823-31. Such gift-giving popularised the hierarchical rule, and it continued even after the establishment of monarchism in the early 20th Century. Not only did Ugyen Wangchuck, the first Maharaja of Bhutan, distribute silver coins as ceremonial gifts, he also introduced the payment of gifts by a newly-appointed attendant in his regime at the rate of three copper coins to the king directly,¹⁶ and the custom of paying gifts 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, which 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 were largely confined to the transactions among the local people. .

It is clear that the economy of Bhutan became monetised to some extent during the 18th and 19th Century. According to one estimate, the 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

¹⁵ Rhodes, 'Coinage in Bhutan', *Journal of Bhutan Studies*, vol. 1, no. 1, Autumn, p. 86.

¹⁶ Rhodes, 'Monetisation of Bhutan', *Journal of Bhutan Studies*, vol. 2, no. 2, Winter, p.86.

60,000 in those respective years.¹⁷ Since, on average, each household paid one *Narayani* rupee (equivalent to one-third of an Indian Rupee), tax payment in cash comes to Rs.9,074, Rs.13,333 and Rs.20,000 in those respective years. The use of money in the payment of tax thus grew at the rate of 0.96 percent per annum during 1747- 96 and 1.43 during 1796-1831. Therefore, although the monetisation in tax seems slow during 1747-96, it significantly picked up later on. On the whole, however, Bhutan experienced 1.43 per cent rate of monetisation in tax revenue during 1747-1831, which undoubtedly belonged to a slow trajectory.

Section II: Bhutanese coins during the eighteenth-nineteenth century

Bhutanese people were somewhat prejudiced against the establishment of a mint. This feeling was so strong that in spite of its necessity, Bhutan did not set up a mint for a long time, but 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 where [Cooch Behar] it is struck, a common currency, though both countries were perfectly independent of each other, and totally different in their language and manner".¹⁸

The fine silver content of the Cooch Behar coin and its easy accessibility to it might be another reason for Bhutan's apathy towards establishing their own mint institution. The coins of Cooch Behar which consistently weighed about 4.7 g

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

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

contained 80 percent fine silver.¹⁹ Assaying of these coins at the Calcutta mint showed their purity at 79.2-86.7 percent. Though this guaranteed the age-old acceptance of the *Narayani* in Bhutan, it suddenly came 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.

After the closure of Cooch Behar mint, however, Bhutan went for her own coin under the nomenclature of Deb Rupee. Pemberton wrote in 1838: "The coin...is almost entirely confined to a silver one called 'Deba,' nominally of the value of the Company's half-Rupee".²⁰ Several mints were established around that period, initially at Paro, Tongsa and Tagna of Bhutan: and then at Punakha and Thimphu.

In contemporary Bhutan, the mintage right was 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. Except for a few large coins that weighed about 11.5g, the early Deb Rupee had a consistent weight of 4.5g with 80 percent purity.²¹ Two silver coins of 1790-1820 were recently found in Bhutan weighing 4.7g and 4.8g respectively, similar to the *Narayani* Rupee.²² The data-base of American Numismatic Society incorporates nine surviving silver coins of Bhutan for 1820-1835. Out of them, five weighted in the range of 4.6-4.7 grams, two within 4.4-4.5 gram, and the rest below. 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

¹⁹ Rhodes, Coinage in Bhutan, *Journal of Bhutan Studies*, vol. 1, no. 1, Autumn, p.90.

²⁰ Pemberton, Report on Bootan, p.64.

²¹ Rhodes, Coinage in Bhutan, *Journal of Bhutan Studies*, p.92.

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

uniform and standard mintage practice was followed in different mints of Bhutan during the late 18th Century.

But there was a sharp deterioration in this practice thereafter. Evidence reveals that the deterioration started by 1830. In that year, 1,044 Deb Rupees were assayed at Calcutta Mint, and their results indicated purity at only 56.25-58.33 per cent.²³ Thus, from 80 per cent in the early phase of coinage, the purity 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 purity 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 purity 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...”.²⁴

Debasement of Bhutanese coins in the 19 Century was also probably triggered by growing scarcity of minting metal in the kingdom. 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 19th Century, silver became scarce, 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 soon replaced by pure copper coins.²⁵ Those coins were minted by the *Penlops*, other local rulers,

²³ Rhodes, *Coinage in Bhutan*, *Journal of Bhutan Studies*, vol. 1, no. 1, Autumn, p.94.

²⁴ Pemberton, *Report on Bootan*, p.65.

²⁵ Rhodes, *The Monetisation of Bhutan*, *Journal of Bhutan Studies*, vol. 2, no. 2, Winter, p.85.

and also privately by owners of copper mines in the country. Though unacceptable in foreign trade, those coins largely served domestic transactions mainly at retail levels. Many such coins for the period 1820-1910 have been collected at the American Numismatic Society. Table 1 summarizes the details of contemporary coins available there.

Table 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 can be seen in the table. Both intra-period and inter-period variations are present in these data. The intra-period coins 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 these 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 purity during the 19th and the early 20th Century.

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

Section III: Coins during 1907-26

Coinage in Bhutan improved significantly during the reign of Ugyen Wangchuck (1907-26) who took several measures to this end. He 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.²⁶ This measure undoubtedly standardised 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 - the Paro *Penlop* Tsering Penjor and Gongzim Ugyen Dorji. Ugyen Wangchuck 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 Norbu Phubchen.²⁷ 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

²⁶ Rhodes, *Coinage in Bhutan*, *Journal of Bhutan Studies*, vol. 1, no. 1, Autumn, p.109.

²⁷ Rhodes, 'The Monetisation of Bhutan', p.86.

guidance, artistic coins of quality were designed with Bhutan's own emblem on it.²⁸

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 Wangchuck. These people mostly settled at Tongsa and married local girls. Some also settled near the copper mines located in different parts of Bhutan to work in mines or in copper mints that were run privately.²⁹ Apart from silver coins, 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 2 classifies them on the basis of their weights.

Table 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 shows 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. The 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 Wangchuck's regime.

Apart from minting on her own, Bhutan continued to receive the traditional flow of coins from both India and China. The

²⁸ *ibid*, p.100.

²⁹ *ibid*, p.99.

Chinese silver coins that entered eastern Bhutan were called *Gormo* as they were round shaped. Also entering in large quantities were 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.'³⁰ 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 the money supply in Bhutan took place from two sources: i) mintage of bullion which the country imported, and ii) import of specie that occurred due to surplus balance of trade. To estimate the additional money supply from the former source, we report in Table 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.

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: 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 requirements of resources 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 Wangchuck contributed Rs.100,000 to British India on that occasion.

³⁰ *ibid*, p.106.

Table 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
Total	140,331	189,710	

*Source*³¹; *N.B.* ‘-’ indicates nil

³¹dsal.uchicago.edu/statistics/1894_excel/1894.165.XLS,
dsal.uchicago.edu/statistics/1894_excel/1894.166.XLS and various

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Province-wise Bhutan's transaction of treasure with British India, presented in Table 4, shows that while Bhutan regularly imported and exported treasure from Bengal throughout Ugyen Wangchuck'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), 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.

Table 4: Bhutan's treasure import from and export to Bengal and Assam & Eastern Bengal (in RS)

Year (1)	Bhutan's treasure import from Bengal (2)	Bhutan's treasure import from Assam and Eastern Bengal (3)	Bhutan's treasure export to Bengal (4)	Bhutan's treasure export to Assam and Eastern Bengal (5)	Bhutan's net treasure import from Bengal (6)	Bhutan's net treasure import from Assam and Eastern Bengal (7)
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

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

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	-
Total	92,846	45,864	125,740	53,272		

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

The net positive import of treasure is considered here to mean for mintage. But the negative net import of treasure did 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.

From 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.³² Table 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,³³ and one metric ton of silver is equivalent to Indian rupees 90324.80.

³² Evidence of Stewart Pixley, Q. No. 175-179.

³³ Calculated from American Numismatic Society's Data Base.

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Table 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	7,53	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 3.

The accretion of specie from the balance of payment has been estimated as follows. We first estimated the surplus trade balance of Bhutan during 1900-25 (vide Column 4 and 8 of Table 6). From this series we deducted the negative net import of treasure on the basis of the presumption that it was financed out of trade surplus. Column 4 of Table 7 shows the increase in money supply of Bhutan due to favourable balance of payment. Adding it up with fresh coinage from imported bullion, we get year-wise the total increase in Bhutan's money supply.

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Table 6: Balance of Trade during 1900-25 (in Rs)

Year (1)	Export (2)	Import (3)	Balance of Trade (4)	Year (5)	Export (6)	Import (7)	Balance of Trade (8)
1900-01	22,229	14,316	7,913	1913-14	2,067,978	1,765,576	302,402
1901-02	38,334	18,937	19,397	1914-15	2,170,102	1,756,240	413,862
1902-03	31,785	12,742	19,043	1915-16	1,602,230	1,114,199	488,031
1903-04	58,863	13,391	45,472	1916-17	1,328,103	1,044,415	283,688
1904-05	650,018	102,570	547,448	1917-18	1,938,250	859,301	1,078,949
1905-06	1,241,172	191,748	1,049,424	1918-19	907,299	674,186	233,113
1906-07	1,135,505	256,820	878,685	1919-20	523,465	336,207	187,258
1907-08	341,452	254,171	87,281	1920-21	1,172,784	760,717	412,067
1908-09	300,377	266,058	34,319	1921-22	853,560	419,764	433,796
1909-10	194,101	155,442	38,659	1922-23	1,409,835	860,530	549,305
1910-11	193,735	93,679	100,056	1923-24	966,346	408,955	557,391
1911-12	690,911	4,227,103	- 3,536,192	1924-25	755,371	209,080	546,291
1912-13	1,518,694	1,119,499	399,195				

Source: Various issues of Accounts Relating to the Trade by land of British India with Foreign Countries for twelve months, April 1900 to March 1925.

Table 7 shows that the money supply did not increase smoothly 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.

Coinage in Bhutan During the 19th and 20th Centuries

Table 7: 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

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1914-15	413,862	84,449	329,413	11,858,868	-	11,858,868
1915-16	488,031	3,103	484,928	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 1900 to March 1925*.

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

Section IV: Conclusion

During the 17th-18th Centuries, Tibetan, Assamese 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 provided the public with currency on many auspicious occasions. Coins were not, however, exchanged in petty retail transactions; their uses were confined to the large business centres of the country where foreign traders participated. However, we have estimated that Bhutan's tax payment was monetised at the rate of 1.13 per cent per annum during 1747-1831.

From the first half of the 19th Century Bhutan started striking her own silver coin, the Deb Rupee. Initially this currency had a consistent weight with 80 per cent purity, but due to the shortage of silver and the dishonesty of minting authorities, the purity 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 19th and the early 20th Century.

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

Bhutan's currencies 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.

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