

# Cash of the titans

Indian paper money is 160 years old this month. See how an Act meant to tighten British control ended up uniting us in spirit, then and even today

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Open your wallet and stay happy. It's 160 years old this month. Our distinctive series of notes — which today bear the name of the Reserve Bank of India and effortlessly represent rupees — within India and abroad.

Of course, we had money long before that. India is one of the first regions in the world to have used coins. Metal bits of various values, issued by local empires, kingdoms, princely states and colonial presidencies, have been circulating for more than 2,500 years. But notes — paper scraps that can somehow make you rich or poor — are relatively recent. They were born with the Paper Currency Act of 1861, which gave the British colonial government the sole right to issue uniform currency notes for territories in India (with a few exceptions for present-day Pakistan, Bangladesh and Burma).

In a country where paper was a small part of the monetary system, the notes were not just a new way of doing business. They were a leap of faith.

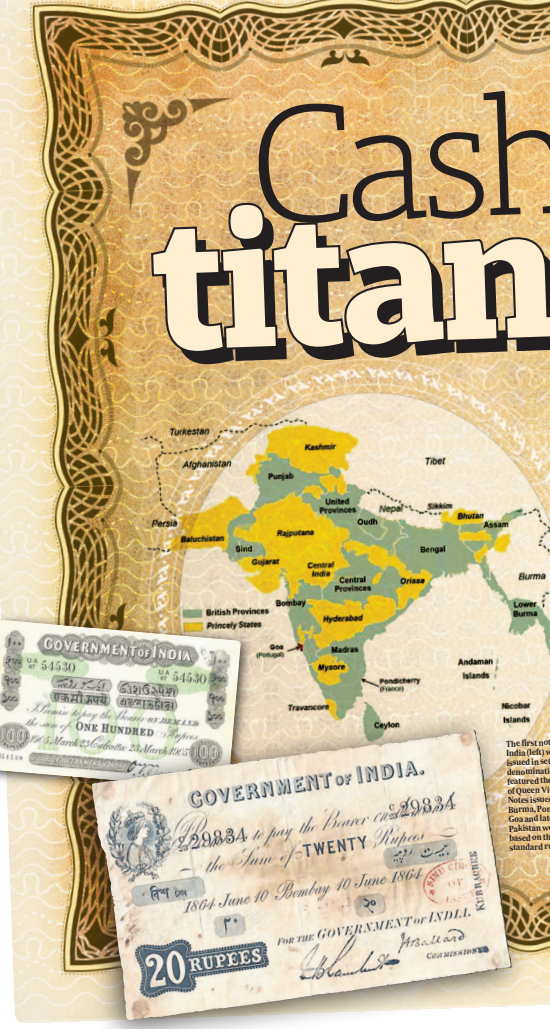
The British Empire had attempted to impose a currency monopoly a century earlier. In an another attempt, a Currency Act then takes control of the monetary system, abolishing local currencies and establishing a uniform currency. The Bank of Bombay is established in 1720, and issues the first banknotes in India. The Bank of Bengal is established in 1792. The US dollar is introduced in 1775. The US dollar is introduced in 1775. The US dollar is introduced in 1775.

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1835 To clear up the confusion arising from having more than 300 kinds of rupees in circulation, India adopts the Madras rupee of 1818 as the uniform currency format for British India. New coins bear the image of King William IV and Indian denominations in English and Persian.

1861 The Paper Currency Act is passed, making it illegal for anyone but the British government to issue notes in India and mints its first rupee notes in Calcutta.



**[NOTES OF NOTE] MAKING CHANGE**

**Clay, metal, paper: How money evolved**

**600 BCE** Kingdoms in present-day India, China and Turkey move away from the barter system and issue coins within their kingdoms and republics. The clay and metal money bears recognizable motifs such as flowers, wheels, swastikas.

**322 BCE** The Mauryan empire in India issues punch-marked coins that raise the motif above the coin's face. Lead, copper, silver and gold coins feature portraits of rulers, a practice borrowed from the Greeks.

**1024** In Sichuan, China, printed-paper receipts are used instead of bulky strings of coins. These are soft, cloth-like, matted on both sides in black and red, with coin values handwritten on them. Sixteen merchants are awarded rights to issue these Jiangzi (exchange) bills, and ultimately the government takes over, issuing the first fixed-denomination banknotes. They're called huizi.

Over the next century, paper vouchers or hand-given acceptance in central and western Asia all the way to Indonesia. They are used mainly by merchants, to buy and sell, borrow and lend, and remit funds.

**1296** Kublai Khan's currency, the chaoh, helps spread paper across the Chinese Empire, and popularises all the way to Persia, where they called it diwan or daw. But it baffles Europe. Those reading about paper money in Marco Polo's travels think it's so preposterous, they question whether he is making it up.

**1294** Under a century of Delhi Sultanate rule, coins issued in northern India change from punch-marked rupees to minted tankas and jitals, the imagery replaced by calligraphy, in keeping with Islamic belief.

The Persian city of Tabriz experiments with paper money at this time, but issues too much of it, sending the trading port of Basra into financial ruin.

**1455** The Chinese gold goes up. They overproduce paper notes and devalue money.

Paper notes are eliminated and will not return for centuries.

**1542** The rupee returns! The Afghan Sher Shah Suri's brief rule in northern India introduces a silver system by issuing a 178-gm silver rupee, divided into 40 copper paise. The rupee is unified under one currency for the first time.

**1605** Mughal emperor Jahangir issues beautiful coins featuring cupids and a special series representing the twelve signs of the Zodiac. His son Shah Jahan later has most of them melted, so they are hard to find today.

**1661** Dutch entrepreneur Johan Palmteener, who founded the Soeda's bank in Batavia in collaboration with the Swedish government, introduces the first tinivadar or credit notes. They come in signatories, are watermarked, hold the Persian city of Tabriz experiments with paper money at this time, but issues too much of it, sending the trading port of Basra into financial ruin.

**1694** England learns from Sweden and sets up the Bank of England to issue Pound Sterling notes to fund a war with France.



Under the Paper Currency Act of 1861 drafted by Scottish economist James Wilson (top) and executed by Viceroy Charles Canning (below), Indian territories under British rule were united by a uniform paper currency. Portuguese and French colonies followed suit with their colonies, taking India's 150-year legacy of coinage into the future.

Wilson arrived in Calcutta in December 1859 and soon a five-point plan was drafted. Trading classes would be taxed, an annual budget would be set up and audited, public department would be improved. And of course, India was to have a government-issued national currency.

Wilson's decision to introduce (impose) the tax on the landed classes, businessmen, even small traders. He had to convince them that it was a small price to pay for an efficient trading system.

The Paper Currency Act, however, faced little opposition. Britain had been using paper money for more than 160 years by then. "Paper notes were key to trade," says Kalia. Indians understood right away that uniform, government-issued paper money would be more secure, reliable, and convenient. It would boost the ease of doing business.

The power to issue banknotes was brought with it. When a government issues notes, they received in return, resources in the form of goods, services, unlike gold or silver money. "It was a leap of faith," says Kalia. "It was a leap of faith."

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cashier. He'd founded The Economist and had built a reputation as an expert in market and monetary matters. He'd anticipated the decline of the UK and founded what became known as the Standard Chartered Bank.

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1833 The Portuguese issue rupee notes for their colonies, which are used in use in Goa until 1961.

1928 India gets its first currency printing press, in Nashik. By 1930, it is producing all of British India's currency notes.

1971 US President Richard Nixon unveils the US dollar's representative value from gold — a landmark decision.

1983 Countries such as Costa Rica and Haiti experiment with polymer-based or plastic currency notes in the hopes that they will be more durable. Instead, the ink wears off and they have to be discontinued.

1998 The Philippines issues the world's largest banknote by size to mark 100 years of freedom from Spanish rule. The commemorative 100,000 peso note is 14 inches in length and 8.5 inches in height. Collectors can buy it for \$180,000 pesos.

1999 Twelve countries of the European Union switch to the Euro. For the first three years it is only used for accounting purposes and electronic payments. The first coins and banknotes are issued in 2002, constituting the biggest monetary change in history.

2009 During the last days of its period of hyperinflation, Zimbabwe issues a 100-trillion-dollar note, the highest denomination ever issued globally. It barely buys groceries for the week. (On the ground, most people are instead using the US dollar.)

2011 The Reserve Bank of India and Government of India formalise the ₹ symbol in 2010, putting it on banknotes and coins a year later.

2016 Overvoltage, the ₹ 500 and ₹ 1,000 denominations are demonetised. This is not the first time a currency note is removed from the Indian monetary system, but it is by far the largest such operation ever conducted in the country.

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[PAPER TRAIL] GAINING CURRENCY

### Making money matter

Bengaluru tycoon Reevan Razack learnt early that money was valuable in more ways than one. As a schoolboy more than 50 years ago, he'd watch his parents and grandparents place the day's collections in the family safe at night. "I decided to explore that safe one day," he recalls. "What I found were a handful of notes that said Reserve Bank of India but also bore the overprint 'Pakistan'." I showed them to my grandfather who immediately started cursing.

It turned out, the notes were interim currency issued for use in Pakistan just after Partition, before the State Bank of Pakistan was established. They were probably passed on by someone who had crossed the border with the note, but they had no value in India. "My grandfather happily gave them to me, plus some other old notes," he says. "Then, on a summer holiday at my uncle's home in Coonoor, I found more old notes in my uncle's desk and was allowed to keep them. And so my journey began."

It's more obsession than hobby. Razack's quest to collect Indian paper money, a relative rarity in a country of coin-collectors, has made him take trips to Bombay to meet old-note dealers in Fort and Kalaheidi in the 1950s. "Word got out that there's a mad fellow who buys old paper money, and they'd reach out to me," he says.

In the 2000s, he'd bid for rare specimens on eBay and other auction sites. And on trips to London, he'd spend weeks in the British Library "from opening time until they throw me out in the evening" poring over the Bank of England's archives. In 2012, he co-wrote the Revised Standard Reference Guide to Indian Paper Money, a definitive handbook among collectors globally.

Paper notes, fragile, faded away are harder to find than coins. Razack says his collection now includes some 4,500 unique bank and currency notes from across the subcontinent. There's a promissory note from the Bank of Bengal, issued in 1821, unlike notes from colonial India. Portraits of British monarchs, and rare paper items that once stood for money.

At Reevan Razack's Museum of Indian Paper Money in Bengaluru, which opened in February 2020, his collection is on permanent display. "It's a different way to look at the story of India," he says. "Most Indian homes have a box of old coins somewhere, but few hold on to paper currency."

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Reevan Razack's Indian paper money museum is the only one of its kind in the world.

[MONEY TALK] THE LANGUAGE OF COINAGE

### Sounds rich

**Paisa:** From the Sanskrit paisa, or "quarter part". The Portuguese peas from which we get peso and pence, are also derived from paisa, as is paisanite, the colloquial term for money in Burma.

**Rupee:** From the Sanskrit rupya, meaning "silver coin". It was formally used to denote a specific coin from 1540 to 1545, when the Akbar Sher Shah Suri took over Delhi and issued the rupee for India, Sri Lanka, Nepal, Pakistan, Mauritius, the Seychelles, Indonesia, Maldives, Myanmar and Afghanistan all use the term "rupee".

**Nisar:** The Hindi phrase "jaisa karna" means to do as you would be done by. It's the energy of life or sacrifice one's life for another. It's a common motif in the 17th-century Mughal emperor Shah Jahan's issued coins, special silver coins that were presented to favoured members of his court. These were commemorative medallions that bore the emperor's name.

**Sicca:** Old folks often refer to a large high-value coin as sikka. The term comes from sicca, a new rupee coin introduced in 1773 by the British East India Company after they took over Bengal, Bihar and Orissa. It remains in use until at least 1935. Sicca was also the term used for the coins of the princely state of Hyderabad. Paper money, when Hyderabad first issued it in 1958, was called the Chandra Sicca, even though it wasn't a coin.

**Anna:** In use in India and Pakistan until national currencies were decimalised in 1957 and 1961 respectively. An anna was 1/16th of a rupee. Four annas made 25 paise. Eight annas made 50 paise. And when someone writes their story was "sola anna sachal", they meant it was the whole of the Chandra Sicca, even though it wasn't a coin.

**Ratti:** The weight Indian jewellers use to measure tiny pendants and chain links get their name from the oldest measurement system, their weights setting standards for the earliest coins in the region.

**Mohur:** A gold mohur was the highest unit of currency in the mid-1000s. It was adopted by the British East India Company as the most valuable coin in its currency system. The word "mohur" is also used to refer to an official seal.

**Taka:** The currency of Bangladesh takes its name either from the Sanskrit tanka or the Turkic tamgha. Both mean to stamp or seal. Currencies called tanka, tanka, tangga, tangga, tanga and tenga all derive their name from this source. In northern India, Kushan-era coins issued between the 1st and 7th centuries CE bear the words Nasas, Tanka, Brhmi script. By 1329, Delhi Sultanate ruler Muhammad Bin Tughlaq was using the word "tanka" to refer to his copper and brass coins that could be exchanged for fixed amounts of gold and silver. Today, several regional languages in India use taka to refer to a share of something at a party or feast. Hence, "Kitty takka, kitty" is a popular phrase when school exams results are declared.

**Dam:** "Frankly, my dear, I don't give a damn." Rhett Butler's last words to Scarlett O'Hara in Gone with the Wind may have two meanings. One is the value copper coins called dams were introduced by Sher Shah Suri in England. It inspired the phrase "Two pennies' worth of damnation" that means that copper coins that could be exchanged for fixed amounts of gold and silver. Today, several regional languages in India use taka to refer to a share of something at a party or feast. Hence, "Kitty takka, kitty" is a popular phrase when school exams results are declared.

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