

A Silvered Past: The Origins and Outreach of the Rupee

Shailendra Bhandare

Ashmolean Museum / St Cross College

University of Oxford

Any discussion about the exchange value of the rupee against stronger currencies like the dollar often assumes strong nationalistic tones in Indian public discourse. But ever wondered why far flung countries like Seychelles and Indonesia also have their national currencies denominated as ‘rupee’ or ‘rupiah’? Did you know that until the 1960s you could take your rupees to the Gulf countries and spend them as legal tender, just like at home? The history of how the national denomination of India originated, circulated and was consolidated to emerge as a ‘global’ currency is fascinating to say the least.

The rupee is widely believed to be an ‘invention’ of Sher Shah Suri (ruled 1540-1545) (**FIG 1**) the Afghan Sultan of Delhi and founder of the short-lived Suri kingdom, although the etymology of the word ‘rupiah’ itself can be derived from *Rupa* or *Rupya*, which mean either ‘fashioned / wrought silver’ or ‘a form or impression’. Prior to Sher Shah’s rule, vast tracts of North India under the Lodhi rule had debased coins called ‘Bahlulis’ in circulation. Sher Shah initiated a currency reform and organized the coinage in two denominations – the silver ‘rupia’ weighing one *tola* or 11.66gm and the copper ‘dam’, which weighed 20gm. Forty copper dams made a silver rupee. Sher Shah established mints across his kingdom which ensured sufficient flow of coins for use. This measure, along with the policy that advocated payment from and to the state in coins, rather than other commodities, ensured a steady fiscal basis for the Suri kingdom.

It was the sagacity and foresightedness of Akbar (ruled 1556-1605) that ensured the rupee’s position as a pre-eminent Mughal currency. Akbar continued with Sher Shah’s reforms and monetary policies, parting with his ancestral coinage tradition rooted in Central Asia. He defeated local Sultanates and brought a huge landmass from Kabul to Chittagong and from Kashmir to the Deccan under Mughal sway. All over this vast expanse, new mints were established, ensuring money supply to keep the wheels of fiscal administration well-oiled and turning. The term ‘rupiyah’ is first found inscribed on some very rare coins of Akbar (**FIG 2**) The centralized edifice of the Mughal Empire ensured that coins coming out of these mints were of consistent weight and purity and could be trusted for market transactions. They became extremely popular, made the use of coined money an everyday practice and in some instances, also served as mediums of state propaganda.

The bulwark of this currency was a steady supply of silver brought to India by trade-hungry Europeans. In 17th century, ‘mercantilism’ dominated European fiscal thinking – a nation’s wealth was measured in terms of how many valuables were brought in by its merchants. The discovery of vast amounts of silver in South America, colonized by the Spaniards in 16th century, proved to be of immense advantage to Europe. The British, Dutch, Danish and

French 'East India Companies' brought this silver to India and exchanged it for valuable trade commodities like spices, gems and textiles. The silver thus landed had to be minted into rupees before it could be used in trade – the Mughal Empire was an Islamic state and to have the name of the ruling king on coins of his realm was not only his prerogative but also a legitimization of his kingship (**FIG 3**).

The Companies exploited the popularity and trustworthiness of the Mughal rupee by making it into a 'trade coin' – Mughal rupees were exported into territories under the direct European company control where they were used in local circulation to effect transactions favourable to the commercial agenda of these companies. Some of these were stamped with special symbols (**FIG 4**) to indicate their use as such and to facilitate accounting. The Mughal rupee thus reached Ceylon (Sri Lanka) and Dutch East Indies (Indonesia) in late 17th – early 18th centuries. The design of the rupee became so familiar and popular in these countries that eventually when local mintage began under colonial rule, the coins carried a distinct Mughal design imprint, with Farsi inscriptions and on both sides (**FIG 5**).

The maritime networks spanning the Western Indian Ocean / Arabian Sea have a historical trajectory that goes far beyond the European 'discovery' of the sea route to India. Indian shipmen plied on these routes since the early centuries of common era, leaving their mark in inscriptions found on the island of Socotra and as far away as Berenike in Egypt. These networks brought the Persian Gulf, the Red Sea and the East African coast well within the reach of Indian traders. Unfortunately, this ambit of the oceanic trade remains shrouded in mystery due to the lack of a European-style 'archive' for evidence, although ethno-archaeology, anthropology and some texts do help us to chart these developments.

In 19th century, colonial intervention in the region began in an exploitative sense. To serve the agendas of fiscal extraction, it was deemed necessary by many European colonial powers to launch fiduciary currencies, particularly in Africa. Since the rupee had already been a familiar trade currency on the East African Coast, the newly established colonies of German and British East Africa, Italian Somaliland and Portuguese Mozambique all resorted to issue their own 'rupees' (**FIG 6**). The hands of the Sultan of Zanzibar were tied into declaring the Indian rupee as the preferred circulatory coin. Similarly, the region of the Persian Gulf, the British made the Arab sheikhdoms of Kuwait, Bahrain, Qatar, the 'Trucial States' (the forerunners of modern UAE) and the Sultanate of Oman, treaty-bound to have their fiscal operations based on the rupee. The Indian rupee thus became 'legal tender' in the Gulf. In 1956, the Reserve Bank of India launched a series of special notes to circulate only in the Gulf and thereby relieve the need of a foreign exchange intermediary currency (**FIG 7**). In the 60s decade, the rupee was devalued severely forcing the Arab kingdoms to abandon it and favour launching their own currencies. The last country to ditch the rupee as legal tender was Oman in 1972.