The History of Indian Rupee

The origin of the word "rupee" is found in the Sanskrit rūpya "shaped; stamped, impressed; coin" and also from the Sanskrit word "raupya" meaning silver.

In 1935, under the Paper Currency Act of 1861, the Raj was granted the monopoly of issuing notes, ending the practice of private and presidency banks. But these currencies continued to be in use till the Reserve Bank of India issued its own coins and notes. Interestingly, till about 50 years ago, other currency besides the RBI's existed in, for instance, Portuguese Goa and Hyderabad. The central bank's first currency, issued in 1938, was a five-rupee note bearing the portrait of King George VI. This was followed by notes of 10, 100, 1,000 and, yes, 10,000 rupees.

In the subsequent years, global developments, security concerns and the high cost of minting money led to many changes in the motif and the material of the currency. In 1940, the one-rupee note was reintroduced as a wartime measure. The watermark was made more difficult to copy and the security thread was introduced in 1944 to counter high-quality forgeries of rupees by the Japanese during their assault on Burma in WW II.

There is no uniformity or regularity in the change of colour, security features or pattern. "It isn't wise to change the design and features frequently as it inconveniences people. At the same time, to prevent forgeries, we can't keep it constant," says Alpana Killawala, the RBI's chief general manager. The George VI series continued till 1947. After Independence, a new design one-rupee coin was released in 1949. After careful consideration, King George VI's portrait was replaced by Asoka's Lion Capital, though a portrait of Mahatma Gandhi was initially considered but rejected. In 1960, the Hirakund dam, a symbol of India's industrialization, replaced the elephant motif on the Rs-100 note.

In 1957, the rupee was decimalised and divided into 100 naye paisa (Hindi for "new paisa"); in 1964, the initial "naye" was dropped. Many still refer to 25, 50 and 75 paisa as 4, 8 and 12 annas respectively, similar to the usage of "two bits" in American English for a quarter-dollar. During the first decade of Independence, the rupee was divided into 16 annas. Each anna was subdivided into either four pices or 12 pies. The Anna Series, introduced on January 26, 1950, was the first coinage of the Republic of India. It was continued for seven years, and then replaced with the decimal system, which divided the rupee into 100 naya paisa. High inflation led