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Bangladesh Famine at 1974 and Effects of Changing Paper Money From 1947

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Abstract

After the Partition of Bengal in 1947, in East Bengal, which later became the Eastern Wing of Pakistan union and was renamed to East Pakistan in 1956 to 16th December 1971. During the 1960s the State Bank of Pakistan had been introducing a new series of bank notes that carried equal amounts of Urdu and Bengali text. The newly independent Bangladesh did not find an international community with a helping hand in its moments of trial. There was a famine and was estimated to have caused the deaths of about 10 million people. This research papers describes that famine by taking into account totally on the basis of market policy of Paper Money and Coins.

Keywords: Rupee, Taka, Market, Liberation, War, Victory

Introduction

The Bangladesh famine of 1974 refers to a period of mass starvation beginning in March 1974 and ending in about December of the same year was caused, in part, by severe monsoon flooding which destroyed a significant majority of the annual rice crop, Market failures and price speculation in the food-grains market also played a substantial role in the cause of the famine (Ravalli on, 1985). The famine is estimated to have caused the deaths of about 10 million people. Local production was not adequate to feed the people of Bangladesh; therefore it was heavily dependent on imported food. However, import was reduced by about 28% in 1974 compared to 1973. In fact, in the crucial months of September and October the imports fell to a trickle and the amount of food grains imported during these two months, rather than being larger-reduced by 89% and 74% respectively, compared to those months in the preceding year (Sin, 1981, page 135).



Fig 1: Starvation results in 1974 in Bangladesh

History:

Taka one of Bangladesh first issued in 1972 4TH March printed in India along with 5,10,100 Taka [2]. In 1973 another Taka one had a typical Bengali woman pounding rice on one side of the note. In case of India's partition, there was an agreement between the two sides over the transition of currency functions. The agreement broke down sooner leading to State Bank of Pakistan coming up three months earlier on 1-July-1948. There were two branches of State Bank of Pakistan as mentioned in history of Bangladesh central bank. With the collapse of the gold standard after World War II, central banks became much more widespread. The banking system at our independence consisted of two branch offices of the former State Bank of Pakistan established in July 1948:- One was in Bangladesh (former East Pakistan) and the other was in West Pakistan (present Pakistan). Until 1971, the currency was called as both Rupee and Taka. Taka has a long history in Bengal. Bangladesh Bank over the years has

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been changing the design of the banknotes in different denominations. The after the liberation war, Taka became the official currency of Bangladesh.

After the Partition of Bengal in 1947, in East Bengal, which later became the Eastern Wing of Pakistan union and was renamed to East Pakistan in 1956, the Pakistani rupee also bore the word “Taka” on official notes and coins. Bengal was one of the two national languages of the Pakistan union between 1956 and 1971 (the other being Urdu in West Pakistan). The Bangladeshi taka came into existence since 1972, a Year after the Independence of the Eastern wing of the union, as the Independent nation of Bangladesh.



Fig 2: Pakistan Rupee containing Bengali letter

From 1947 to 1971 Bangladesh was part of Pakistan. While the background to the separation of East and West Pakistan is complex, matters came to a head in December 1970 when elections in Pakistan saw the Awami League win an absolute majority of seats in the parliament. The Awami League was a political party based in East Pakistan and led by the charismatic Sheikh Mujibur Rahman. Following the surprise win of the Awami League over the Muslim League of West Pakistan, the military government, which had allowed the elections to take place, decided not to recognize the outcome of the election. This in turn saw the outbreak of civil disturbances in East Pakistan as the people began to voice their protests.

Following some months of these disturbances, which included calls for Independence by the people of East Pakistan, the armed forces moved to take control of East Pakistan. This move was met with resistance from the people of East Pakistan and resulted in a civil war that was to last for nine months. The war was finally won by East Pakistan, following intervention from India, and the new nation of Bangladesh was born.

Prior to the Liberation war in 1971, banknotes of the State Bank of Pakistan circulated throughout Bangladesh, and continued to be used in Bangladesh even after independence for only about three months until the official

introduction of the Taka on 4 March 1972. During the war, it was an unofficial practice of some Bengali nationalists to protest Pakistani rule by stamping banknotes with “**বাংলা দেশ**” and “**BANGLA DESH**” as two words in either Bengal or English and the slogans stamped on the notes were “**জয় বাংলা**”, “**বাংলা দেশ**”. On 8 June 1971, The Pakistani government declared that all banknotes bearing such stamps ceased to be legal tender.



Fig 3: Pakistan Rupee rubber Overprinted

Bangladesh

During the civil war, the banks of East Pakistan became targets to a variety of looters. Within a couple of months, the amount of currency looted from branches of the State Bank of Pakistan became so large that the Government of Pakistan was forced to take dramatic steps to ensure the stability of their currency. The bold plan of the Government was to demonetize all the 100- and 500-rupee notes circulating in Pakistan. As the majority of looted money was in these denominations, the notes held by the looters would become totally worthless. The notes were probably officially destroyed. The demonetization was instigated by Martial Law, under ‘Regulation No. 81’, on 8 June 1971. The regulation stated:

‘All Pakistan currency notes of the following description shall cease to be legal tender within the meaning of section 25 of the State Bank of Pakistan Act, 1956 (XXXII of 1956), on and from the dates mentioned against each—

‘(a) Pakistan currency notes inscribed or marked with, or having impressed or embossed thereon, the expressions “Joy Bangla” or “Bangladesh”, or any similar expressions, or having embossed or stamped thereon the expression “Dacca” in any language or form whatsoever;

‘(b) Pakistan currency notes of 500-rupee and 100-rupee denominations. Date of commencement of this Regulation: 8th June, 1971.’

Some foreign publications mention that there were rubber stamp “**BANGLA DESH**” overprints on different denominations of Pakistani bank notes during the a.m. period. Bangladesh Bank or the Ministry of Finance never issued an order to overprint or rubber-stamp Pakistani

currency. It would be interesting to note here, that a counterfeiting gang is active, which uses a “washing system”, whereby Tk100 notes are washed with a special kind of liquid, and the numbers are changed to give it the appearance of a Tk500 note. The fact that none of these high denomination notes with overprints have been reported by history is not surprising, considering that the notes were withdrawn from circulation. However, it is perhaps surprising that no 50-rupee notes with such slogans have been identified by history [1].

Despite Bengali-speaking people constituting half the population of Pakistan, Urdu had been imposed upon the people as the language of officialdom; although attempts to make Urdu the single official language had been thwarted. During the 1960s the State Bank of Pakistan had been introducing a new series of bank notes that carried equal amounts of Urdu and Bengali text, as can be seen on the 5-rupee note. The attempt by the State Bank of Pakistan to apply a balance of Urdu and Bengali text to the notes reflects a belated attempt by the authorities in West Pakistan to give due recognition to the culture and language of the people of East Pakistan. Unfortunately, the events of 1970 and 1971 were the fruit of seeds of mistrust that had been sown over the previous twenty years. Having lived for so long with bank notes that bore a text that the Bengalis could not read, it was only natural that the bank notes became a medium for Bengalis to express their desire for independence.

In Bangladesh the central bank was started on 16 December 1971 just when the war ended. How Bangladesh Central bank must have tided over the crisis must be as riveting a story as the political crisis in the region. Thus, it is likely that all denominations issued by the State Bank of Pakistan carried several varieties of overprints prepared by one or more groups of people in Bangladesh.

Case Study: [1]:-

By Withdrawing 100 and 500 Rupee notes from circulation has been made many Bangladeshi people from rich to poor [A]. Circulated 1, 5 and 10 original or overprinted Rupee were then in market as before. But the period 16th December 1971 to 4th March 1972 (Date of first issued Bangladeshi banknote) was very sensitive after the Victory of Liberation war. Many people bought many things (Foods and Other needful things) by using this Rupee and stocked them home by thinking that this note will have been withdrawn from the country. As a result market were going to zero as time passed by [B]. Some products had been taking outside the country and make hand's tends to zero day by day of Bangladeshi poor people [C], which was sustained until 1974. After 4th march 1972 there had been some problems in exchange of circulated 1, 5 and 10 Rupee's original or overprinted note with newly issued 1,5,10,100 Bangladeshi Taka. This also caused partially corruption in Economy of Bangladesh [D].

Wrong Decision:- After the Liberation war if all notes existed in the market OF Bangladesh were overprinted in a common style, then it was easily understood which money was for Bangladesh and which money was for Pakistan. On the other hand there were no possible steps had been taking to resolve the “Coin” issues.

Case Study: [2]:-

At 16th December 1972 Bangladesh had been got victory

by the surrender of Pakistan army to Indian military. Indian army were all over the Bangladesh. At 4th March 1972 the first note of Bangladesh denomination of 1,5,10,100 were come in Bangladeshi market. These were printed in India. Surprisingly many notes come from India with same serial number and for this duplication of these notes produced fraudulent activity by some people in Bangladeshi market. In that period buying more things at a time partially controlled Bangladesh economy [E]. Many products had been taking outside the country by military [F].



Bangladeshi 1st Issue Map 5Tk

On the other hand One Core Bangladeshi refuse were in India and Pakistani Rupee were in the hands of them and purchased foods or other things from outside the country and Bangladeshi market became in vacant position day by day [G]. On the other hand after 4th March 1972 this money became worthless after the victory when refuses came in homeland. Their hands had been empty of money [H].

Conclusion:

Bangladesh received only US\$10.5 million worth of food aid from World Food Organization, Qatar and Japan; US\$50 million loan from World Bank's International Development Association (IDA) and an in principle agreement from Food and Agriculture Organization (FAO) of the United Nations to provide emergency food aid to counter Bangladesh's food crisis between August-October 1974 (Miah, 1993, page 204-208). The newly independent Bangladesh did not find an international community with a helping hand in its moments of trial. According to Case studies from [A] to [G] The Bangladeshi people has been losing money day by day until 1974 and a massive starvation occurred. If we backtrack to the End of British period at 1947, we can find the same result that many Pakistani and Indian people were going from rich to poor,

even with Bangladeshi people also. WRONG DECISION
can also be imposed here.

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