# CHAPTER 11 MONEY, BANKING AND FINANCE

Until recent times most economic transactions in Bhutan were carried out on the basis of barter arrangements. The widespread use of money commenced during the 1960s with the expansion of trade with India and the inflow of development assistance. The Indian Rupee was used till 1974 when the Royal Government issued its first currency notes the Ngultrum. Since then, the monetary section has grown rapidly resulting in the dramatic economic development and improvement in transport and communication, planned urbanization in spite of the fact that barter economy still remains in some part of the country. The monetary sector in Bhutan comprises the Royal Monetary Authority (Bhutan’s Central Bank); the Bank of Bhutan and the Bhutan National Bank. The non-bank financial institutions are the Royal Insurance Corporation of Bhutan and the Bhutan Development Finance Corporation, which was established during 1988 to provide long-term loans for development purposes.

The Royal Monetary Authority has developed a comprehensive statistical system for the money, banking and finance sector. Important economic indicators are available in the regular quarterly bulletins “Selected Economic Indicators”. The main element of the system is the monetary survey, which is a consolidation of the accounts of the Royal Monetary Authority and other Banks and Financial Institutions showing the financial relationship between these institutions and other sectors of the economy. Items covered include foreign assets and domestic credit, together with information on the money supply. In addition, financial statements are also available for the two non-bank financial institution.