

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1261

ANSWERED ON:07.03.2008

FAKE CURRENCY

Kaushal Shri Raghuvir Singh;Kharventhan Shri Salarapatty Kuppusamy;Masood Shri Rasheed;Murmu Shri Hemlal;Nahata Smt. P. Jaya Prada;Rijiju Shri Kiren;Singh Shri Uday;Tripathi Shri Chandramani

Will the Minister of FINANCE be pleased to state:

- (a) the details of instances where fake currency has been recovered in Automated Teller Machines (ATMs) and banks during each of the last three years;
- (b) whether the Reserve Bank of India (RBI) has recently asked all the banks to take stringent measures for preventing circulation of fake currency notes including those withdrawn from ATMs;
- (c) if so, the details in this regard;
- (d) whether the circulation of the fake currency has effected the economy of the country;and
- (e) if so, to what extent and the manner in which the circulation of fake currency in the country is likely to be checked?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) Reserve Bank of India (RBI) has reported that during the year 2005 and 2006, the bank had received following complaints from the public/media regarding fake currency notes from ATMs:

i) A customer reportedly received 20 counterfeit pieces in the denomination of Rs.500/- from ICICI Bank, Karunagapally Branch through ATM replenished by Kollam branch of ICICI Bank.

ii) A customer at Kolkata was reported to have detected a counterfeit note in the denomination of Rs.100/- from ATM of HDFC Bank, Kolkata. During the year 2007, seven cases were reported to RBI by seven different banks i.e. Central Bank of India, hdusind Bank, State Bank of India, HDFC Bank, ABN Amro Bank, ICICI Bank and IDBI Bank. In each bank, one counterfeit piece in the denomination of Rs 500/- had been detected.

(b) & (c) : Yes, Sir. RBI has issued instructions to banks to ensure that only sorted and examined reissuable bank notes are put into circulation through their counters and ATMs. All the currency chest maintaining branches have been equipped with Note Sorting Machines, which detect the counterfeit notes. Banks have also been asked by RBI to strengthen the checks and safeguards both during the processing as well as transport of bank notes to ATMs and payments made at their counters. Posters on 'Know Your Banknotes' have been supplied to bank branches for display for the benefit of the customers.

(d) & (e) : The circulation of fake currency is a cause of concern to the Government. However, the number of counterfeit notes detected in the banking system is very nominal compared to the notes in circulation. RBI has taken steps to check the circulation of fake currency in the country by ensuring optimum utilization of Note Sorting Machines installed at all currency chest branches and increasing the awareness of the public in identifying a genuine bank note through training/ workshops and issue of posters. RBI has also set up dedicated cells for monitoring and analysis of counterfeit notes detected at the bank branches, which will be an input for implementing further measures, as required.