

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6909

ANSWERED ON:07.05.2010

FAKE CURRENCY

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Will the Minister of FINANCE be pleased to state:

- (a) whether fake Indian currency is pumped into the Indian economy to the extent of rupees six lakh of crores;
- (b) if so, the details thereof alongwith factors responsible therefor;
- (c) the estimate of the Government in regard to fake currency in circulation in both the official (white) and parallel (black) economy of India respectively as on 01-04-2008;
- (d) whether conversion rate of fake Indian currency into authentic currency is about 20 per cent and as a result of these transactions about rupees 10000 crore authentic Indian currency is expatriated out of India through hawala channel;
- (e) if so, the reaction of the Government thereto;
- (f) whether the sophistication acquired by fake Indian currency has reached a level where it is almost impossible for even banks to distinguish between Year and `fake` Indian currency;
- (g) if so, the details thereof and response of the Government thereto;
- (h) whether Reserve Bank of India has advised the banks either orally or in writing that two to three fake notes of 1000 or 500 denominations in a bundle of hundred such notes should be ignored; and
- (i) if so, the details thereof and the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (c): No estimates are available of fake currency notes in circulation. However, as per the information furnished by National Crime Record Bureau (NCRB), the details of total number of fake notes seized/recovered and its value for the last three years are as under:

Year	Total (no. Of pieces)	Total Value (in rupees)
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2007	3,87,569	10,54,23,325
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2008	6,61,759	25,81,41,492
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2009	5,90,675	22,39,47,152
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The figures are provisional.

(d) & (e): It is a fact that the proceeds of the Fake Indian Currency Note (FICN) business are remitted abroad via the `Hawala` route. However, this does not translate in physical movement of genuine Indian currency. In terms of the conversion rate of fake currency into genuine currency, the rate differs at various points in the supply chain and also in geographic terms i.e. the rate for a bulk supplier in Nepal is different from the rate for a bulk supplier in India. Similarly, `retail rates` are different within India i.e. cheaper along the border. The rate is also dependent on the quality of the FICN.

(f) & (g): While the quality of FICN has become sophisticated and has imitated several security features of the post 2005 era, it is possible for banks and other experts to distinguish between real and fake notes. Additional security features are incorporated in the bank notes from time to time to make counterfeiting difficult.

(h) & (i): Reserve Bank of India has informed that they have not issued any instructions to the banks as regards ignoring two or three

fake notes in a bundles.