

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2711

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FAKE CURRENCY THROUGH BANKS

Agarwal Shri Jai Prakash;Ajnala Dr. Rattan Singh;Mandal Shri Mangani Lal;Wankhede Shri Subhash Bapurao

Will the Minister of FINANCE be pleased to state:

- (a) whether a large number of cases of circulation of counterfeit currency notes in the country through banking channels have come to light during each of the last three years and the current year;
- (b) if so, the details thereof alongwith the loss suffered by the country's economy due to such counterfeit currency;
- (c) whether the Government has made any efforts to identify the sources of entry of counterfeit currency in the country;
- (d) if so, the details thereof; and
- (e) the corrective steps taken/being taken by the Government/Reserve Bank of India (RBI) to prevent circulation of fake currency notes in the country?

Answer

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

(a)&(b): As reported by Reserve Bank of India (RBI) data on fake notes detected by the `banking system` during last three years and the current year upto September,2011 and the total value of the notes detected is as per statement annexed.

(c)&(d): RBI has reported that in a meeting of FICN Co-ordination Cell (FCORD) it was reported that banks in Malda District, West Bengal are being used by fake Indian currency notes (FICN) operators to introduce fake Indian currency notes into organized banking channels. As requested by Central Bureau of Investigation that RBI should instruct banks in Malda District to insist on recording the address and telephone number of the payer in all `pay-in slips` while depositing cash, Regional Director, RBI, West Bengal has been advised to take necessary steps to sensitise the banks operating in the area to exercise due care while dealing with cash deposits so as to avoid use of banking channels for introduction of FICN in the country.

(e) To address the multi-dimensional aspects of FICN menace, several agencies such as the RBI, the Ministry of Finance, Ministry of Home Affairs(MHA), Security and Intelligence Agencies of the Centre and States, Central Bureau of Investigation (CBI) etc. are working in tandem to thwart the illegal activities relating to FICNs. The works of these gencies are periodically reviewed by a nodal group set up for this purpose. In this context, the functional level, the CBI has also been declared as the nodal agency for co-ordination with the States and, the Directorate of Revenue Intelligence has been nominated as the Lead Intelligence Agency for smuggled FICNs.

Further, one special FICN Co-ordination Group has been formed in MHA to share the intelligence/information amongst the different security agencies of the State/Centre to counter the menace of circulation of fake currency with in the country , with CBI being the nodal agency.

National Investigation Agency (NIA) has been empowered by the National Investigation Agency Act to investigate and prosecute such offences. The Government has also constituted a Terror Funding and Fake Currency Cell in the National Investigation Agency (NIA) in 2010 to focus on investigation of Terror Funding and Fake Currency Cases. The security features in the High Value Currency notes are being constantly upgraded by RBI. RBI has also strengthened the mechanism for detection of counterfeit notes by the Banks.