

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2384

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FAKE CURRENCY

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Will the Minister of FINANCE be pleased to state:

- (a) the suggestions/recommendations made by the Naik Committee set up by the Reserve Bank of India (RBI) to go into the dynamics of currency management and the action taken thereon by the Government;
- (b) whether inefficient currency management is responsible for circulation of counterfeit currency in the country; and
- (c) if so, the details thereof and the steps taken by the Government to address the issue?

Answer

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

(a) As informed by the Reserve Bank of India (RBI), the recommendations of the Naik Committee and the status of their implementation, are as follows:

Recommendation	Status
Coinisation of Rs.10	Since implemented
Use of stainless steel for coins	Since implemented
Increase in capacity for printing of notes	Since implemented
Distribution of coins, packing, dispatch etc.	Since implemented
Direct Remittance of Treasure	Not implemented
Mechanised sorting of notes at currency chests and RBI	Since implemented
Computerised reporting/MIS for currency management function	Since implemented
Handling, packing of fresh/reissuable/soiled notes	Since implemented
Procedure for disposing soiled notes at RBI	Since implemented
Introduction of Coin Dispensing machines	Since implemented
Improvement in work environment in Cash Departments of RBI	Since implemented

(b)& (c): Due to the steps taken by RBI, there has been increase in detection of counterfeit notes by the banks. To address the multi-dimensional aspects of the FICN menace, several agencies such as the RBI, Ministry of Finance, Ministry of Home Affairs, Security and Intelligence Agencies of the Centre and States, Central Bureau of Investigation (CBI) etc., are working in tandem, to thwart the illegal activities related to FICNs. The work of these agencies is periodically reviewed by a nodal group (FCORD) set up for this purpose. FCORD (FICN Coordination Cell) coordinates/shares all available information/ intelligence and analysis on circulation/smuggling of FICN in the world. At the functional level, the CBI has been declared as the nodal agency for coordination with the States and the Directorate General of Revenue Intelligence has been nominated as the Lead Intelligence Agency for the purpose. National Investigation Agency (NIA) has been empowered by National Investigation Agency Act to investigate and prosecute such offences to deal with this menace. The Government has also constituted a Terror Funding and Fake Currency Cell (TFFC) in NIA in 2010 to focus on investigation of Terror Funding and Fake Currency Cases.

Reserve Bank of India (RBI) has also strengthened the mechanism for detection of counterfeit notes by the Banks.