

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2817
ANSWERED ON:07.02.2014
FAKE CURRENCY
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware of circulation of fake Indian and foreign currency notes in various parts of the country;
- (b) if so, the details thereof for the last three years and the current year till date; and
- (c) the steps taken/being taken by the Government in this regard?

Answer

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

(a) & (b) Yes, Sir. The details of the fake currency notes seized and recovered in the last three years viz. 2010, 2011, 2012 and 2013 (upto June) are as below:

Year Number of pieces Value (in Rupees)

2010 5,44,096 23,86,57,574

2011 7,00,680 31,46,54,686

2012 6,66,253 34,57,75,519

2013 3,32,628 17,64,81,660

Two incidents of seizure of fake US Dollars (100x100 at New Delhi) in May 2011 and (100x2 at Meerut, UP) in September, 2011 were reported.

(c) To address the multi-dimensional aspects of the Fake Indian Currency Notes (FICN) menace, several agencies such as the Ministry of Finance, Ministry of Home Affairs, RBI, 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 set up for this purpose. One special FICN Coordination (FCORD) Group has been formed in the Ministry of Home Affairs to share the intelligence/ information amongst different security agencies of State/Centre to counter the menace of circulation of Fake currency notes in the country. National Investigation Agency (NIA) has been empowered by NIA Act to investigate and prosecute offences relating to FICN. The Government has also constituted a Terror Funding and Fake Currency Cell (TFFC) in NIA to focus investigation on Terror Funding and Fake Currency cases. The legal regime has been further strengthened by way of recent amendments in the Unlawful Activities

(Prevention) Act, 1967 wherein the damage to the monetary stability of India by way of production or smuggling or circulation of High Quality Fake Indian Paper Currency, coin or any other material has been declared as 'terrorist act'.

At the international level, the issue of circulation of FICN has been raised in the FATF (Financial Action Task Force), The proposal to conduct a Typologies Project in the Working Group on Typologies (WGTYP) of the FATF and Europol led Typology Project, titled 'Money Laundering and Terrorist Financing Related to Counterfeiting of Currency' had been accepted. Representatives from USA,

Russia, Italy, France, South Africa, Bangladesh (APG) & EAG are other members of the Project team.

The Reserve Bank has also initiated several measures in this regard. These measures include running education campaigns for members of public and cash handlers so as to facilitate detection of counterfeits. Some of the steps taken by RBI are as follows:

i. RBI regularly conducts training programmes on detection of counterfeit notes for employees/officers of banks and other organisations handling large amount of cash. The Reserve Bank's website provides information to the public on security features of banknotes. Posters on Know Your Banknotes are also displayed at bank branches. Regional Offices of RBI participates in various awareness programmes where the members of public are aware of the features of Indian banknotes and ways to identify genuine Indian banknotes. Posters, leaflets, etc. are also distributed in such awareness programmes.

ii. Instructions have been issued to banks that banknotes in denominations of 100/- and above should be re-issued by banks over their counters or through ATMs only if these banknotes are duly checked for authenticity/genuineness and fitness by machines.

iii. The process of reporting and detection of counterfeit notes, by banks, has also been rationalized in order to safeguard the interests of common man, coming across such counterfeit notes unknowingly and bringing in improvement in reporting. Under the revised procedure, all cases of detection of counterfeit notes at the bank branches / treasuries are required to be promptly reported to Police Authorities in the following manner:

iv. For cases of detection of counterfeit notes upto 4 pieces, in a single transaction, a consolidated report as per the format prescribed is sent to the police authorities at the end of the month.

v. For cases of detection of counterfeit notes of 5 or more pieces, in a single transaction, FIRs is lodged with the Nodal Police Station / Police Authorities as per jurisdiction.

vi. In order to train bank staff engaged in cash handling on features of Indian banknotes, IBA has been advised to ensure, in consultation with the banks, that all bank personnel handling cash are trained on features of genuine Indian bank notes with the objective to train all such personnel within a period of 3 years. RBI also provides faculty support and training materials.

vii. The banks have been advised to ensure that the notes received over the counters are re-circulated only after ensuring their proper authentication through machines.