

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3925
ANSWERED ON:20.03.2015
COUNTERFEIT NOTES THROUGH ATM
Rao Shri Konakalla Narayana

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has received complaints about the circulation of fake currency / counterfeit notes through Automated Teller Machines (ATMs) installed by various Public/Private Sector Banks across the country leading to harassment of the customers by the police;
- (b) if so, the details thereof along with the number of complaints received during the last three years and the current year and the action taken on such complaints, Bank and State/UT-wise; and
- (c) the other safety measures taken/being taken by the Government to keep a check on circulation of such fake currency through ATMs?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a) & (b) : Details of complaints related to counterfeit notes received through ATMs during the years 2012, 2013 and 2014 forwarded by Reserve Bank of India (RBI) is annexed.

(c) : To keep a check on circulation of fake currency through ATMs, RBI has taken the following steps:

1) Incorporating new security features / new designs in the bank notes to stay ahead of the counterfeiters is an ongoing process. New security features were added to bank notes in all denominations during the year 2005-2006. GOI, in consultation with RBI, has initiated the process for introduction of new security features in Indian bank notes.

2) RBI regularly conducts training programmes on detection of counterfeit notes for employees / officers of banks and other organizations handling large amount of cash. RBI's website provides information to the public on security features of bank notes. Posters on Know Your Bank notes are also displayed at bank branches. Regional Offices of RBI participate in various awareness programmes where the members of public are made aware of the features of Indian bank notes and ways to identify genuine Indian banknotes. Posters, leaflets, etc. are also distributed in such awareness programmes. The contents pertaining to awareness on Indian banknotes are available in www.paisaboltahai.rbi.org.in.

3) Instructions have been issued to banks that bank notes in denominations of Rs.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. A directive in this regard under Section 35A of Banking Regulation Act, 1949 has also been issued to all scheduled banks.

4) 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:

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

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

5) 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.

6) The banks have been advised that wherever counterfeit notes are detected but not impounded and reported, it will be construed as willful involvement of the bank concerned in circulating counterfeit notes and may attract penal measures.

7) Instructions have been issued to the banks, in terms of which counterfeit notes will now be detected at the back office / currency chest of the bank and the banks will be compensated at the rate of 25% of the notional value of counterfeit notes in denomination of

Rs.100 and above for the loss incurred by them towards detection of such counterfeit notes subject to reporting to RBI and Police. Banks have been advised that penalties, in case of detection of counterfeit notes in their soiled note remittances to RBI and / or during inspections stand enhanced besides initiation of strict regulatory action.