

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1330

ANSWERED ON:18.07.2014

CIRCULATION OF FAKE CURRENCY NOTES

Adityanath Shri Yogi;Kumar Shri Shailesh (Bulo Mandal);Sreeramulu Shri B.

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government is aware of the rising circulation of fake currency notes in Indian market;
- (b) if so, the details thereof;
- (c) the value of such notes circulating in the country and the sources thereof; and
- (d) the measures taken or being taken by the Government in this regard ?

**Answer**

MINISTER OF FINANCE (SHRI ARUN JAITLEY)

(a) & (b) : Seizure and recovery of Fake Indian Currency Notes (FICN) reported by law enforcement agencies and banking channels do indicate that counterfeit/fake currency notes are being circulated in the country. As per available data, FICN seized and recovered in the country during the last three years and current year is as follows:

Year	Value of FICN seized and recovered
2011	` 27.09 crores
2012	` 45.24 crores
2013	` 38.64 crores
2014 (Up to 30.6.2014)	` 11.86 crores

(c) : In terms of available estimates, the volume of fake currency recovered and seized in the country is not more than 0.004% of total value of currency in circulation. As per information received from central intelligence and investigating agencies, FICN have been sourced from neighboring countries with the help of self sustaining criminal networks operating in South and South-East Asian Region.

(d) : 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. 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. It also coordinates with different security agencies to effect more seizures. This group also coordinates all the matters relating to intelligence collection and collation in India and abroad for the member agencies. CBI and NIA are the central agencies for investigation of FICN cases. A Terror Funding & Fake Currency Cell is functioning in NIA to focus on terror funding & fake currency cases. Indian Statistical Institute, Kolkata has been assigned to undertake a study on FICN issues, including estimation of FICN in circulation under the overall supervision of NIA. A simplified mechanism for reporting and filing of FIR in FICN cases has been put in place. The issue has been raised in international multilateral fora constantly.

The Reserve Bank of India has also taken following steps in this regard:

(i) RBI regularly conducts training programmes on detection of counterfeit notes for employees / officers of banks and other organisations handling large amount of cash.

(ii) RBI initiated several measures for generating public awareness through posting information on its website, releasing posters/leaflets, conducting awareness programmes etc.

(iii) 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.

(iv) The process of reporting and detection of counterfeit notes has been streamlined and rationalized in order to safeguard the interests of common man coming across counterfeit notes unknowingly. 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:

(a) 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.

(b) 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.

(v) In order to train bank staff engaged in cash handling on features of Indian banknotes, IBA has been advised to ensure training to all such personnel within a period of 3 years. RBI also provides faculty support and training materials.

(vi) 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.

(vii) Instructions have been issued to the banks, in terms of which for the counterfeit notes detected at the back office/currency chest of the bank, the banks will be compensated at the rate of 25% of the notional value of counterfeit notes in denomination of `100 and above for the loss incurred by them towards detection of such counterfeit notes subject to reporting to RBI and Police.