

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE

LOK SABHA  
STARRED QUESTION NO. 311  
ANSWERED ON -15.07.2019

FAKE CURRENCY

\*311. SHRI KHAGEN MURMU :  
SHRI VINOD KUMAR SONKAR :

Will the Minister of FINANCE be pleased to state :-

- a) whether there is a rise in circulation of fake currency in the country and Malda region of West Bengal is one of the major sources of its circulation;
- b) if so, the details thereof during the last four years along with the loss suffered by the country's economy due to such counterfeit currency;
- c) whether the banks have any policy to replace the fake notes or mutilated or scribbled new currencies in order to avoid any financial losses to general public and if so, the details thereof;
- d) whether the Government has made any efforts to identify the sources of entry of counterfeit currency in the country and if so, the details thereof; and
- e) the corrective steps being taken by the Government /the Reserve Bank of India to prevent circulation of fake currency notes in the country?

ANSWER

FINANCE MINISTER

(SMT. NIRMALA SITHARAMAN)

(a) to (e) : A statement is laid on the table of the House.

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**STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 311  
RAISED BY SHRI KHAGEN MURMU AND SHRI VINOD KUMAR SONKAR, HON'BLE  
MEMBER OF PARLIAMENT TO BE ANSWERED ON 15.7.2019 REGARDING FAKE  
CURRENCY**

(a) Sir, the data as reported by RBI and seizure of FICN by State/UT Police (SCRBs) & other Agencies as reported by National Crime Records Bureau reveal that there is a declining trend in the circulation of Fake Indian Counterfeit Notes (FICN) in the country.

It was reported by West Bengal Police that flow of FICNs continues from Indo-Bangladesh border, particularly from Malda area. However, all such FICNs were of low quality i.e. computer generated/manipulated.

(b) After the withdrawal of legal tender status of Specified Bank Notes of denomination of Rs.1000 and Rs.500 on 8<sup>th</sup> November, 2016, there have been no reported cases of seizure of High Quality Fake Indian Currency Notes of Rs.2000 and Rs.500 denomination till early 2019. As such, there does not appear to be any appreciable loss now.

(c) As per Reserve Bank of India's master circular dated July 1, 2019, no credit to customer's account is to be given for counterfeit Notes, if any, detected in the tender received over the counter or at the back-office/currency chest.

Reserve Bank of India has advised all the bank to accept mutilated/defective/solid notes at all their branches vide master circular on "Facility for exchange of Notes & Coins" dated July 1, 2019. However, small finance bank and payment banks may exchange mutilated and defective notes at their option. The mutilated notes are exchanged at all bank branches in terms of Reserve Bank of India (Note Refund) Rules, 2009, as amended in 2018.

(d) & (e) Government has taken various steps to check the smuggling and circulation of Fake Indian Currency Notes in the country, which inter-alia, include:

(i) Fake Indian Currency Notes (FICN) Coordination Group (FCORD) has been formed by the Ministry of Home Affairs (MHA) to share intelligences/information among the security agencies of the States/Centre to counter the problem of circulation of fake currency in the country. As per the report of the agencies, there have been instances where it has been found that the fake currency has been smuggled from the neighboring countries.

(ii) A Terror Funding and Fake Currency Cell (TFFC) has been constituted in National Investigation Agency (NIA) to investigate terror funding and fake currency cases.

(iii) A memorandum of Understanding (MoU) has been signed between India and Bangladesh to prevent and counter smuggling and circulation of fake currency notes.

(iv) Security at the international border has been strengthened by using new surveillances technology, deploying additional manpower for round the clock surveillance, establishing observation posts along the international border erection of border fencing and intensive patrolling.

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