

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS  
RAJYA SABHA

UNSTARRED QUESTION NO. 1680

TO BE ANSWERED ON AUGUST 6, 2024 / SRAVANA 15, 1946 (SAKA)

**CIRCULATION OF FAKE CURRENCY IN THE COUNTRY**

1680. SHRI RAJEEV SHUKLA:

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

- (a) whether Government has analysed the total circulation of fake currency in the country;
- (b) if so, the details thereof;
- (c) the details of measures being taken to curtail the use and circulation of fake currency in the country in order to ensure macroeconomic stability;
- (d) the effects realised as a result of the same; and
- (e) the proposed measures to be taken in this respect?

**ANSWER**

**MINISTER OF STATE (FINANCE)  
(SHRI PANKAJ CHAUDHARY)**

(a) &(b): As per the Reserve Bank of India (RBI), Counterfeit notes detected/ reported in the banking system since 2018-19 is as follows:

Denomination (₹)	Denomination-wise Counterfeit Notes detected/ reported in the Banking System (April-March)					
	(number of pieces)					
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
1	2	3	4	5	6	7
2 and 5	-	22	9	1	3	1
10	345	844	304	354	313	235
20	818	510	267	311	337	297
50	36,875	47,454	24,802	17,696	17,755	15,366
100	2,21,218	1,68,739	1,10,736	92,237	78,699	66,130
200	12,728	31,969	24,245	27,074	27,258	28,672
500 (MG Series)	971	11	9	14	6	11
500 [MG (New) Series]	21,865	30,054	39,453	79,669	91,110	85,711
1,000	717	72	2	11	482	1
2,000	21,847	17,020	8,798	13,604	9,806	26,035
<b>Total</b>	<b>3,17,384</b>	<b>2,96,695</b>	<b>2,08,625</b>	<b>2,30,971</b>	<b>2,25,769</b>	<b>2,22,639</b>
Source: RBI; data does not include counterfeit notes seized by police/other enforcement agencies						

Further, National Investigation Agency has registered 39 cases related to Fake Indian Currency Notes (FICN) since withdrawal of legal tender of ₹500 and ₹1000 notes in the year 2016 in which counterfeit Indian currency of face value ₹8,50,62,500/- have been seized.

(c): to (e): A Statement indicating various steps taken to address the problems of counterfeit notes is at **Annexure**. The measures have resulted in a decrease in the number of pieces of Denomination-wise Counterfeit Notes detected/reported in the Banking System from 3,17,384 in the year 2018-19 to 2,22,639 in the year 2023-24. Government in consultation with its various agencies and Reserve Bank of India takes necessary steps to curtail the use and circulation of fake currency in the country from time to time. New security features are also introduced in Indian banknotes from time to time to enhance their anti-counterfeiting properties.

\*\*\*\*\*

**Statement referred to in reply to parts (c) to (e) of Rajya Sabha Unstarred Question No.1680 for 06.08.2024**

**I. Steps taken by Government of India**

In order to contain the circulation of Fake Indian Currency Notes (FICN), Government of India has taken the following steps:

- (a) Offences related to Fake Indian Currency Notes (FICN) are covered under section 178 to 188 of Chapter X of Bhartiya Nyaya Sanhita, 2023, with maximum punishment being life imprisonment.
- (b) The production or smuggling or circulation of high quality FICN has been made a terrorist act under the Unlawful Activities (Prevention) Act, 1967.
- (c) FICN coordination centre exists to share intelligence/information among the security agencies of the States/Centre to counter the menace of circulation of fake currency notes in the country.
- (d) National Investigation Agency (NIA) has been made the nodal agency for investigation of high-quality FICN cases in India.
- (e) A Terror Funding and Fake Currency (TFFC) Cell has been constituted in the NIA to conduct focussed investigation of terror funding and fake currency cases.
- (f) Further, a Joint task force is functioning between Indian and a neighbouring country for building trust and cooperation for exchange of information and analysis of smugglers of FICN. A Memorandum of Understanding has been signed between India and the country to prevent and counter smuggling and circulation of fake currency notes.

**II. Steps taken by RBI**

To check the menace of counterfeiting of banknotes, the Reserve Bank has initiated several measures as enumerated below:

**1. Incorporating new security features /new designs in the banknotes:**

- a) New security features were added to banknotes in all denominations during the year 2005-2006. In order to stay ahead of the counterfeiters, Government of India, in consultation with RBI, introduces new security features in Indian banknotes from time to time.
- b) The Reserve Bank of India had issued banknotes in all denominations in Mahatma Gandhi Series – 2005, with a new exploding numbering pattern in 2015. The numerals in both the number panels of these banknotes are in ascending size from left to right, while the first three alphanumeric characters (prefix) remain constant in size. Printing the numerals in ascending size is a visible security feature in the banknotes so that the general public can easily distinguish a counterfeit note from a genuine one.
- c) Government of India in consultation with RBI has withdrawn legal tender character of banknotes in the denomination of ₹ 500 and ₹ 1000 issued till November 8, 2016, inter alia, to reduce the incidence of Fake Indian currency Notes. RBI has issued ₹ 2000, ₹ 500, ₹ 200, ₹ 100, ₹ 50, ₹ 20 and ₹ 10 denomination banknotes in Mahatma Gandhi (New) Series. Details of security features of these notes are displayed on the RBI website for the general public.

## **2. Instructions issued to banks to eliminate issue of FICN:**

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. The banks have been directed under section 35A of Banking Regulation Act 1949 to re-align their cash management in such a manner so as to ensure that cash receipts in denomination of ₹100 and above are not put into re-circulation without the notes being machine processed for authenticity. In order to obviate complaints regarding receipt of counterfeit notes through ATMs and to curb circulation of counterfeit notes, banks have been advised to put in place adequate safeguards/checks before loading ATMs with notes. Dispensation of counterfeit notes through the ATMs is construed as an attempt to circulate the counterfeit notes by the bank concerned.

## **3. Awareness Campaigns:**

- a) The Reserve Bank 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. Banks have also been advised to display Posters on 'Know Your Banknotes' at their branches.
- b) Regional Offices of RBI participate in various awareness programmes where the members of public are made aware of the features of Indian banknotes and ways to identify genuine Indian banknotes. Posters, leaflets, etc. are also distributed in such awareness programmes.

## **4. Recent changes in reporting of counterfeit notes by Banks and inspection mechanism of FNV (Forged Note Vigilance) Cell of Banks**

In order to improve detection/ reporting of counterfeit notes in the banking system, a centralised reporting of counterfeit note data by FNV Cells and inspection of FNV Cells of select banks have been introduced in January 2024 for improvement in detection/ reporting of counterfeit notes in the banking system.

## **5. Master Circular:**

RBI has issued updated Master Direction on detection and reporting of counterfeit notes dated April 01, 2024, incorporating the above changes and the same is available in the public domain for wider dissemination of systems and procedure to be followed on detection of counterfeit notes.

\*\*\*\*\*