

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

UNSTARRED QUESTION NO. 2293

TO BE ANSWERED ON 28TH JULY, 2017/6TH SHRAVANA SAKA, 1939

Fake Currency and Demonetisation

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QUESTION

Will the Minister of Finance be pleased to state:

- (a) the details of fake currency recovered along with the number of fraud accounts identified during the course of demonetisation;
- (b) whether the Government has come across fake currency in the new denomination notes of Rs. 2000 and Rs. 500 being pushed in Indian markets, if so, the details thereof along with the steps taken by the Government to curb fake currency in the new denomination notes including its circulation through Automated Teller Machines;
- (c) whether the Government has evaluated the impact/outcome of demonetisation on the economy and the people, if so, the details thereof and if not, the reasons therefor; and
- (d) whether the Government proposes to implement demonetisation again, if so, the details thereof and the reasons therefor?

ANSWER

**MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)**

(a) The Specified Banknotes in the denomination of Rs. 500 and Rs. 1000 returned to RBI are being verified for authenticity on Currency Verification and Processing Systems. The details regarding amount of fake currency recovered during the course of demomonetisation may be available on completion of the verification process.

Operation Clean Money was launched on 31st January 2017 with the mission to “Create a tax compliant society through a fair, transparent and non-intrusive tax administration where every Indian takes pride in paying taxes”. In the process, about 18 lakh persons were identified whose cash transactions did not appear in line with their tax profile. Such persons were approached through SMS/email (*non-intrusive method without even a notice*). The contacted persons were required to submit their responses by logging into a specified website. As an outcome, more than 9.27 lakh responses were received providing information on 13.33 lakh accounts involving cash deposits of around Rs.2.89 lakh crores. Appropriate action under direct tax law in the remaining cases has been taken. Subsequently, advance data analytics tools were deployed and 5.56 lakhs new cases were identified for online verification.

(b) The data available from the National Crime Records Bureau indicates that the incidents of Fake Indian Currency notes (FICN) have been reported in some parts of country. However, examination of the specific parameters reveals that the notes are of low quality. No high quality counterfeit new currency notes have been seized by any agency so far.

To check the menace of counterfeiting of banknotes, the Ministry of Finance, Ministry of Home Affairs, Reserve Bank of India, Security and Intelligence Agencies of the Centre and States are working in tandem to thwart the illegal activities related to Fake Indian Currency Note (FICN). An FICN Coordination Group (FCORD) has been formed in the Ministry of Home Affairs to share the intelligence/ information amongst different security agencies of Centre/States to counter the menace to effect more seizures. The issue has also been raised in International multilateral fora constantly.

(c) As the Economic Survey, 2016-17 indicated, over the medium and long run, implementation of GST, follow-up to demonetisation and other structural reform measures should help in improving the trend rate of growth of the economy. There are many key economic indicators that have either remained resilient or have bounced back after showing some decline. Soon after demonetisation, the sales of two-wheelers that, to an extent, represents the dynamics of rural demand, has picked up again. The agricultural production in 2016-17 was at a record-high. The volume of digital transactions is higher than the pre-demonetisation levels. The growth of exports, too has, accelerated in the second half of 2016-17.

(d) There is no such proposal.
