

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
LOK SABHA UNSTARRED QUESTION NO. 3564
TO BE ANSWERED ON 08.08.2022

Circulation of Fake Currency

3564. DR. SANJEEV KUMAR SINGARI:

Will the Minister of FINANCE be pleased to state:

(a) whether the value of fake Indian currency notes has gone up by leaps and bounds since demonetisation in 2016 and if so, the details thereof;

(b) whether the value of fake currency seized has gone up from Rs. 28.10 crores in 2017 to Rs. 92.17 crores in 2020;

(c) if so, whether this indicates that circulation of fake currency in the country is going up;

(d) if so, the reasons therefor along with the efforts being made by the Government to contain fake currency circulation and the details of fake currency seized in 2021; and

(e) the justification of the Government that the number of counterfeit bank notes has come down from Rs. 7.62 lakh in 2016-17 to Rs. 2.08 lakh in 2020-21?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (c) : As per RBI, the value of counterfeit notes detected in the banking system has reduced from ₹43.47 crores in 2016-17 to ₹8.26 crores in 2021-22, as detailed below:

Year	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Value (in ₹)	43,46,75,710	23,34,91,965	8,23,59,960	7,48,03,650	5,45,00,125	8,25,93,565

As per National Crime Records Bureau (NCRB) data, the value of fake currency seized in the year 2017 and 2020 was ₹ 28.10 crores and ₹ 92.18 crores respectively.

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 neighbouring countries. While notes seized by different law enforcement agencies have gone up, there is a discernable trend of reduction in the number of counterfeit notes detected in the banking system.

(d): To contain the circulation of Fake Indian Currency Notes (FICN), Government of India had, inter alia, enacted the Unlawful Activities (Prevention) Act, 1967, formed National Investigation Agency (NIA) which is the nodal agency for investigation of high-quality FICN in India, constituted an FICN Coordination Group (FCORD) to share intelligence/information among the security agencies of the States/Centre and constituted a Terror Funding and Fake Currency (TFFC) Cell in the NIA to conduct focused investigation of terror funding and fake currency cases.

Further, a Joint Task Force is functioning between India and Bangladesh for building trust and cooperation for exchange of information and analysis of smugglers of FICN. A Memorandum of Understanding (MoU) has been signed between Indian and Bangladesh to prevent and counter smuggling and circulation of fake currency notes.

Government also conducts capacity building programmes for various law enforcement agencies at Centre/State level. In addition, training programmes are conducted for the police officials of Nepal and Bangladesh to sensitise them about smuggling/counterfeiting of Indian currency.

Reserve Bank of India had issued banknotes in all denominations in Mahatma Gandhi Series – 2005, with a new exploding numbering pattern in 2015. With these visible security features the general public can easily distinguish a counterfeit note from a genuine one. Details of security features of these notes are displayed on the RBI website for the general public.

RBI issues various instructions to banks on measures to safeguard against forged notes. RBI regularly conducts training programmes on detection of counterfeit notes for employees/officers of banks and other organisations handling large amount of cash. RBI has issued a Master Circular on detection and reporting of counterfeit notes, updated as on April 01, 2022 which is available in the public domain for wider dissemination of systems and procedure to be followed on detection of counterfeit notes.

The data from the published reports of NCRB on the seizure of fake currency notes are available till the year 2020.

(e): The number of counterfeit banknotes has come down from ₹7.62 lakhs pieces in 2016-17 to ₹2.09 lakhs pieces in 2020-21 post decision of the Government of India to cancel the Legal Tender Status of ₹1000 and ₹500 denomination currency notes on 8th November 2016. The decision of demonetisation had several objectives including curbing of circulation of Fake Indian Currency Notes (FICN).