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High Level RBI Group suggests Steps to check Menace of Fake Notes

The sharp increase in the number of physical notes in circulation as also the increase in the number of cases of fake notes detected/seized in recent period, have clearly underscored the need for increased vigil by all stakeholders to address the menace of fake notes. From the Reserve Bank of India's side, the priority has been to ensure that fake notes are promptly detected as soon as they enter into the banking channel. It is equally important to ensure that ATMs and other outlets for currency distribution dispense clean and good notes. At the same time, the security features have to be constantly upgraded, public have to be educated on how to detect a fake note, technology needs to be used in greater measure to improve the integrity and efficiency of the currency operations, information on detection has to be shared promptly with enforcement agencies, security systems for cash storage and handling at banks strengthened further and note sorting machines installed at all bank branches and other locations. This is the thrust of the recommendations of a high level group set up by the Reserve Bank of India on currency distribution. The [High Level Group on Systems and Procedures for Currency Distribution](#), headed by Smt. Usha Thorat, Deputy Governor, Reserve Bank of India, was set up in August 2008. Other members of the Group are Shri T.V. Mohandas Pai, Director (HR), Infosys Ltd., Shri S.I.S Ahmed, IPS (Retd.) former Director General CRPF & CISF, Dr. K. Ramakrishnan, CEO, IBA, Shri K. Sitaramam, DMD, SBI, Smt. Madhabi Buch, ED, ICICI Bank Ltd.; Shri V.K. Sharma, ED, RBI and Shri C. Krishnan, ED, RBI being permanent invitees and Shri U.S. Paliwal, CGM, DCM, RBI being Member Secretary.

The Group also observed that in recent times the media has been erroneously quoting the Nayak Committee as having estimated the forged notes in circulation to be around Rs 1,69,000 crore. The Group noted that the RBI appointed Nayak Committee (1988) did not, in fact, make any estimate of forged notes; the figure of Rs 1,69,000 crore refers to the projection made by the Committee of the actual notes in circulation by the year 2000. The Group noted that the number of fake notes in India is estimated at 3 to 6 pieces per million, and this is one of the lowest in the world.

Towards further strengthening the measures to combat the menace of fake notes, the Group recommended, installation of note sorting machines at all bank branches in a phased manner and banks giving a roadmap to the Reserve Bank of India to achieve this, switching over to 'cassette swapping system' so that replenishment of currency notes in ATMs is done in a highly secured manner and waiving the current requirement of filing an FIR by banks in case one gets possession of a few fake currency notes. The Reserve Bank of India has today placed on its website the report of the High Level Group.