

there are certain weaknesses in the RBI guidelines. In such a situation, have you thought of any foolproof measures to pinpoint such of those weaknesses and correct the system?

SHRI PRANAB MUKHERJEE: Sir, this is a constant exercise. Those who try to take advantage of the deficiencies and weaknesses, surely try to find out some weakness. Whenever these weaknesses are found out, those are being rectified. After all, it is known to the hon. Member and to everybody in the House that offences like counterfeiting of coins, counterfeiting of notes and other such financial irregularities are as ancient as civilization; it is universal, all over the world. Therefore, whenever these deficiencies are found out — we shall be dealing with that subject even in the next Question — corrective steps are taken. That is why, periodical inspections by the RBI and other authorities are taking place regularly.

MR. CHAIRMAN: Question No. 364.

Upgradation of Security Features on Currency Notes

*364.DR. N. JANARDHANA REDDY:††

SHRIMATI SHOBHANA BHARTIA:

Will the Minister of FINANCE be pleased to state:

(a) whether a Reserve Bank of India (RBI) appointed committee has recently stated that the Central Bank should upgrade security features on currency notes to check the growing menace of fake notes in the country;

(b) if so, the details of recommendations given by the Committee;

(c) whether the upgradation of security features on currency notes will directly impact on circulation of fake notes; and

(d) if so, the steps Government proposes to take in this regard?

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): (a) to (d) A Statement is laid on the Table of the House.

Statement

(a) No, Sir.

(b) Does not arise.

(c) and (d) Security features of Bank Notes are up graded from time to time to make counterfeiting difficult. The security features were last upgraded in 2005. A Committee has been set up to review the acquisition procedure relating to security features for Indian bank notes and prepare a procurement manual in this regard. The upgraded security features are scheduled to be introduced in Indian Bank Notes from the year 2011-12.

DR. N. JANARDHANA REDDY: Sir, I don't know where the fault lies. Sir, the question was asked whether the Reserve Bank of India appointed committee has recently

††The question was actually asked on the floor of the House by Dr. N Janardhana Reddy.

stated that the Central Bank should upgrade security features on currency notes. This is about the appointment of a committee. The answer is, “No, Sir.” But, in reply to part (c) and (d), it is stated, “A Committee has been set up to review the acquisition procedure relating to security features...” So, the answer is contradictory.

SHRI PRANAB MUKHERJEE: Sir, there is nothing contradictory in it. The Reserve Bank did not appoint the committee. I appointed the Committee. I am not the Reserve Bank. These are the two different entities. The Government appointed a committee. ...*(Interruptions)*...

DR. N. JANARDHANA REDDY: Sir, what will be the size of counterfeit currency that is in circulation in India?

SHRI PRANAB MUKHERJEE: Sir, it is difficult to quantify the exact amount of fake currency in circulation. It is anybody's guess, as and when it is found out. Now, the currency notes in circulation right now is 48.9 billion pieces. One billion is equal to 100 crores. Therefore, one can understand the magnitude of it. Some estimation of the Reserve Bank — it is estimation, not an assessment — is that 0.001 per cent of this volume of currency may be fake currencies. But, there is no quantified and authentic information about the fake currencies in circulation. It is because if we know that, then, we will not allow that to be in the currency. It will be immediately seized. But, this may be an estimation; it may be like that.

SHRI RAVI SHANKAR PRASAD: Sir, with profound respect to the hon. Finance Minister, I would like to say that this is a sensitive question, but the highly innocuous nature of reply has a little surprised me. The hon. Minister will appreciate that regardless of 0.001 per cent of the component of fake currency, today fake currency is the order of the day in the country, particularly in the border areas with Nepal, in the North-East and with Pakistan. We have also seen a lot of terrorist organisations and their front-men abusing this whole system for all this. In this connection, you have said that the last upgradation was in the year 2005, and the next will take place in 2011-12. Then, what will be there in the interregnum? What competent and forthright steps have been taken in view of the alarming rise in the repeated occurrence of fake currency in all parts of the country? This is part (a). And, part (b), have you any information about the linkage of terrorists in promotion of this kind of insidious activity in the country?

SHRI PRANAB MUKHERJEE: Sir, I am not an alarmist, and I cannot afford to be an alarmist. No Finance Minister can afford to be an alarmist. Therefore, the situation is not that alarming. Yes, more and more cases are being detected. The detection of more and more cases speaks of the vigilance and enhancement of the improvement of the security arrangements also. There is no denying of the fact that there are two types of activities related to the fake currency. One is those who do it individually or group of individuals for making profit. They indulge in counterfeiting of currency. And that has its own impact on the economy, which is bad itself. But, much more dangerous is, when attempts are being made to destabilise the economy of a country by injecting massive doses of fake currencies. It is done with the objective of

destabilising the economy of a country. That type of inimical activities are much more dangerous and serious. Keeping both aspects in view, we are making time to time revisions. The hon. Member has expressed his displeasure as to why there is such a long gap in it. Please remember, in a country of 120 crore people, you will find 10-15 crores of people who are still not monetised in this country. Still, the barter system prevails over there. Therefore, with regard to frequent changes of the currencies, I would like to say that it is not a small country; here, there should be some sort of stability of the currencies. If I were to agree with your prophecy that it is a huge number, that it is destabilising our economy, I would have responded to you differently. But, I do not agree with it. Yes, it is a matter of concern, but for that we need not press the panic button.

DR. JANARDHAN WAGHMARE: Sir, there are rackets across the country, and even in the neighbouring countries like Nepal and China. These rackets are involved in printing fake Indian currencies, jeopardising our economy. Has the Government tried to trace these rackets? Has the Government taken any action against them?

SHRI PRANAB MUKHERJEE: Yes, Sir, this is a factor and we are aware of it; we are taking action. Some of them have been arrested and due legal action has been taken against them. This is a constant exercise.

SHRI V. HANUMANTHA RAO: Sir, in Hyderabad, there is a lot of currency being circulated from Pakistan. Everyday, the news of it is appearing. I would like to know whether the Minister knows this situation in Hyderabad and through what measures the Government would like to stop the circulation of currencies.

SHRI PRANAB MUKHERJEE: All steps to prevent the circulation of fake currencies are being taken in every part of the country. As and when these are brought to our notice, we take appropriate action.

WELCOME TO PARLIAMENTARY DELEGATION FROM OMAN

MR. CHAIRMAN: Hon. Members, I have an announcement to make. We have with us, seated in the Special Box, Members of a Parliamentary Delegation from Oman, currently on a visit to our country under the distinguished leadership of His Excellency, Dr. Yahya Bin Mahfoodh Bin Salim Al Mantre, Chairman of the State Council in the Sultanate of Oman.

On behalf of the Member of the House and on my own behalf, I take pleasure in extending a hearty welcome to the leader and other members of the delegation and wish our distinguished guests an enjoyable and fruitful stay in our country.

We hope that during their stay here, they would be able to see and learn more about our Parliamentary system, our country and our people and that their visit to this country will further