

(b) The steps taken by the Government to curb circulation of FICN in the country include stepping up of vigilance by the Border Security Force and Custom authorities to prevent smuggling of fake notes; dissemination of information on security features through print and electronic media and formation of Forged Note Vigilance Cells in all the Head Offices of the banks. Additional security features have also been incorporated in the banks notes in 2005 to make counterfeiting very difficult. To strengthen the security of bank notes further, incorporation of latest security features is underway. A High Level Committee headed by the Union Home Secretary comprising officials from central agencies and other senior police officials has been constituted to monitor and draw a comprehensive strategy to combat FICN. Similar bodies have also been set up in the States. In addition, Government of India have nominated the Central Bureau of Investigation as the Nodal Agency to monitor investigation of fake currency note cases. The RBI has also strengthened the mechanism for detection of counterfeit notes by the Banks.

#### **Fake currency notes**

3431. PROF. P.J. KURIEN : Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware of reports in the media about the large influx of fake Indian currency notes, presumably from Pakistan;

(b) if so, the details thereof and the steps being taken by Government to check the spread of fake Indian currency;

(c) the details about the arrest of a person at Kochi International Airport by the Directorate of Revenue Intelligence (DRI) on 11 March, 2010 with fake Indian currency worth Rs. 25 lakhs; and

(d) the details of specific action, if any, being formulated by Government to prevent the smuggling of fake Indian currency through the coastal areas of the country, especially through Kerala coasts?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) Available inputs indicate that Fake Indian Currency Notes (FICN) are printed in a neighbouring country and pushed into India through neighbouring countries.

(b) There have been significant seizures of FICN by Directorate of Revenue Intelligence (DRI) at different place in India. Persons found involved in smuggling of FICN are arrested and prosecuted under Customs Act, 1962 by DRI. In appropriate cases, action under COFEPOSA is taken against offenders. The matter in all such cases is also referred to CBI/State Police to initiate action against the offender, under IPC.

The other steps taken by the Government to curb circulation of FICN in the country include stepping up of vigilance by the Border Security force and Custom authorities to prevent smuggling of fake notes; dissemination of information on security features through print and electronic media and formation of Forged Note Vigilance Cells in all the Head Offices of the banks. Additional security features have also been incorporated in the bank notes in 2005 to

make counterfeiting very difficult. To strengthen the security of bank notes further, incorporation of latest security features is underway. A High Level Committee headed by the Union Home Secretary comprising officials from central agencies and other senior police officials has been constituted to monitor and draw a comprehensive strategy to combat FICN. Similar bodies have also been set up in the States. In addition, Government of India have nominated the Central Bureau of Investigation as the Nodal Agency to monitor investigation of fake currency notes cases. The RBI has also strengthened the mechanism for detection of counterfeit notes by the Banks.

(c) Officers of Directorate of Revenue Intelligence, Cochin Regional Unit Intercepted a passenger named Gopinath Kurup on 11.3.2010 at Cochin International Airport. The passenger had arrived from Dubai. Examination of his baggage resulted in recovery and seizure of FICN of face value of Rs. 24.18 lakhs. The passenger was arrested.

(d) Customs field formations and the DRI officers are on alert to check the menace of the smuggling of FICN. Close co-ordination/co-operation is being maintained with other intelligence/enforcement agencies.

#### **RBI policy to control inflation**

3432. SHRI K.V.P. RAMACHANDRA RAO: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Prime Minister recently asked the Reserve Bank of India (RBI) to formulate policies to control inflation and for achieving 9 per cent growth rate; and

(b) if so, what action plans are being formulated in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA):

(a) The Prime Minister, while addressing the Platinum Jubilee Celebrations of the Reserve Bank of India, stated that in order to build on economy's strengths and return to a high growth path, the monetary and financial policies of the Reserve Bank of India must be guided by objectives of keeping inflation under control, ensuring stability of the banking and financial system and meeting the financial intermediation needs of rapid and inclusive growth.

(b) Taking into account the current economic scenario, Reserve Bank of India's Annual Monetary Policy Statement for 2010-11 announced in April, 2010 sought to anchor inflation expectations, while being prepared to respond appropriately, swiftly and effectively to further build-up of inflationary pressures; actively manage liquidity to ensure that the growth in demand for credit by both the private and public sectors is satisfied in a non-disruptive way; and maintain an interest rate regime consistent with price, output and financial stability. Pursuant to these objectives, the Reserve Bank of India raised the repo rate and the reserve repo rate, under the liquidity adjustment facility (LAF) by 25 basis points each to 5.25 per cent and 3.75 per cent, respectively, with immediate effect. The cash reserve ratio (CRR) of scheduled banks was also raised by 25 basis points from 5.75 per cent to 6.0 per cent with effect from April 24, 2010.