

F No 11/16/2011-FI
Government of India
Ministry of Finance
Department of Financial Services

3rd Floor, Jeevan Deep Building,
New Delhi, dated the 6th July, 2012

To

1. Chairman/ CMDs/ MDs of all Public Sector Banks
2. Chairmen of all RRBs (through Sponsor Banks)

Subject: Counterfeit Notes from ATMs – regarding -

Sir(s),

I am directed to advise that the banks are responsible for providing genuine banknotes that the public can use with confidence. To this effect, the Reserve Bank of India (RBI) and the banks have taken a number of initiatives to check the incidence of counterfeit banknotes and remove them from circulation.

2. In this connection, the RBI had also constituted a High Level Group on Systems and Procedures for Currency Distribution which had given many valuable recommendations in this regard in August, 2009. The RBI had also issued Circular No. RBI/2009-10/459 DCM(R&D)No.G-26/18.00.14/2009-10 dated May 11, 2010, to this effect. The aspect of counterfeit banknotes is also a regular feature in the Annual Report of RBI and attracts its focused attention.

3. In addition, to address the multi-dimensional aspects of Fake Indian Currency Notes (FICN) menace, several agencies such as the RBI, the Ministry of Finance, Ministry of Home Affairs, Security and Intelligence Agencies of the Centre and States, etc. are working in tandem to thwart the illegal activities relating to FICNs. The works of these agencies are periodically reviewed by a nodal group set up for this purpose in the Ministry of Home Affairs.

4. However, as far as the Public Sector Banks(PSBs)/Regional Rural Banks(RRBs) are concerned, it is reiterated that banks should take all remedial measures to combat the menace of counterfeit of currency notes and the following measures are suggested:-

i) To provide sorted, authentic and fit currency notes for ATMs, all banks have to ensure that currency notes are processed through machines conforming to 'Note Authentication and Fitness Sorting Parameters' prescribed by Reserve Bank, before issuing them through ATMs.

ii) The Banks have installed Note Sorting machines / Desktop Note Sorting Machines (which also do counterfeit checking) in Currency Chest Branches. Banks will also have to provide Note Sorting Machines in all Branches which replenish cash directly in ATMs or provide cash to the Cash Management Agency (CMA). Cameras are to be provided in all Branches which have Note Sorting Machines and provide cash for ATMs.

iii) The Bank Branch is responsible for providing ATM-fit Notes duly sorted by Note Sorting Machines. The Suspect/soiled notes, if detected, should not be issued to the CMA. The Banks should deliver the Notes to the CMA after proper sorting. The CMA should again check the quality and quantity of the currency notes after delivery by the Bank. The CMA can be allowed to use the Note Sorting machines for checking. The CMA should then put the sorted notes in the Cassettes and seal them under surveillance cameras with one-time-use numbered tags.

iv) The sealed cassettes will be swapped at the ATM. The Chest door is opened for a short period thus reducing risk. It would be appreciated that the cassette swapping saves a lot of supervisory time as the traditional cash loading and EOD takes 25-30 minutes. With Cassette swapping, the availability of the ATMs is increased. Besides reducing overall risk, the possibility of cassettes being loaded with wrong denomination notes is also eliminated.

v) The cassette swapping is a secure method of replenishment and ensures balancing and accounting control as even the left over cash in cassettes is brought from the ATMs and counted in the Branch under camera surveillance. Though the cassette swap system results in additional currency being in transit and there is slightly higher wear and tear of the cassettes, yet secure operations are possible only with this system and the CMA also saves time and can replenish more ATMs every day.

vi) For implementing Cassette swapping, Banks need spare cassettes. Though, most Banks have procured spare Cassettes, yet it appears that they have not put them to use for Cassette Swapping.

5. In the light of the above, the PSBs/RRBs are requested to take all precautionary measures to check the possible distribution of fake currency through bank ATMs/Counters and use the Cassette Swap system to reduce the risk of fake currency during cash loading. The action taken by the banks in this regard may be sent by email to: fi-dfs@nic.in by 31.7.2012. It is requested that no hard copy of the ATR be sent to this Department.

6. This has the approval of Secretary (FS).

Yours faithfully,

(Jitendar Kumar Mehan)
Under Secretary (FI)
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