भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI/2026-27/220
DCM (FNVD) No.S1335/16.01.05/2026-27 July 31, 2026

The Chairman/ Managing Director/ Chief Executive Officer
All Banks

Madam/ Dear Sir,

Fake Indian Currency Notes (FICNs)-Detection, Reporting and Monitoring

Master Direction (MD) on Counterfeit Notes – Detection, Reporting and Monitoring dated April 01, 2026, prescribes comprehensive instructions to the banks on detection, reporting, and monitoring of counterfeit notes. In this regard, the banks are mandated to train all their employees handling cash about the security features of genuine banknotes to enable them for detecting counterfeit notes. All banknotes received by the bank shall be examined for authenticity through machines, counterfeit notes should be impounded in all cases and in no case the counterfeit note shall be returned to tenderer or destroyed at the bank. All detected FICNs should be reported, as per prescribed guidelines. The bank shall be penalized for breach of the guidelines of the referred MD, such as detection of counterfeit notes in currency remittances to RBI/ currency chest balances/ ATM dispensations/ over-the-counter payments, non-impounding of counterfeit notes, etc.

2. However, an analysis by the Reserve Bank suggests that efforts of some of the banks in the matter were not adequate. Accordingly, the banks are advised to review their processes so as to further strengthen their capacity and preparedness to identify, impound and report FICNs effectively. In this regard, the banks are also advised to undertake the following specific measures -

i. Training and Awareness Programme

a) Adopt a focused and target-based approach for conducting awareness and/ or refresher programs for cash handling staff on the security features of genuine banknotes and detection of FICNs. It shall be ensured that all the cash handling staff of the bank are imparted training positively by October 31, 2026.

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b) The staff posted in bank branches located in border areas shall be imparted the training on priority basis, latest by September 15, 2026.

c) An Action Taken Report (ATR) shall be submitted on compliance of the instructions at para (a) and (b) above through the Forged Note Vigilance Cells (FNV Cell) to the concerned Issue Office of Reserve Bank by November 7, 2026, and September 22, 2026, respectively.

ii. Provision of Devices Facilitating Detection of Counterfeit Notes

In addition to the instructions at para 8 of the referred MD the banks shall ensure that the branches in the districts with international borders are equipped with Note Authentication/ Sorting Machines.

iii. The FNV Cell of banks shall analyse the FICN data of their bank to identify hotspots (if any), monitor trends and focus their outreach and capacity-building efforts accordingly.

3. Compliance to the instructions in Master Direction

Banks are advised to institute a monitoring mechanism to ensure compliance of all the provisions of the referred MD. Details of the plan of action along with progress shall be submitted by September 15, 2026, to the Department of Currency Management at dcmfnvd@rbi.org.in.

Yours faithfully,

(Jagdamba Prasad Bansal)
Chief General Manager