

Zone	No. of case detected during January to June, 1997	Amount of foreign exchange recovered (Rs. in lakhs)
Delhi	432	31.05
Mumbai	506	78.70
Calcutta	384	4.36
Chennai	629	51.29
Jalandhar	222	29.59
Ahmedabad	327	49.27
Bangalore	18	0.00
Total	2518	244.26

The data are not maintained State-wise.

In addition to the above seizures, Customs Field Formations and Directorate of Revenue Intelligence (DRI) also detected 1035 cases of attempt to smuggle out foreign exchange worth 33.39 crores which amount was seized by them. State-wise break up to seizures is given below :-

State	Value of Foreign Exchange (Figs. are provisional)	(Rs. in Lakhs)
Andhra Pradesh	15.56	
Assam	5.60	
Delhi	307.40	
Gujarat	65.14	
Karnataka	19.55	
Kerala	114.20	
Maharashtra	1486.53	
Meghalaya	5.19	
Mizoram	1.70	
Punjab	51.48	
Rajasthan	0.15	
Tamilnadu	1044.98	
Tripura	11.51	
West Bengal	210.86	
Total	3339.85	

(d) The Government maintains a strict vigil to keep a check on illegal transactions of foreign exchange. Appropriate action as envisaged under the law is taken as and when such cases are detected.

Reduction of Bank Rate by RBI

*145. SHRI RAJKESHAR SINGH : Will the Minister of FINANCE be pleased to state :

- whether the Reserve Bank of India has recently reduced the rate of interest;
- if so, the details thereof;
- whether this measure is likely to give a boost to the industrial activity in the country; and
- the impact of reduction in interest rate on the profitability of the banks?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) With a view to aligning the bank rate to the changing economic conditions, the Reserve Bank of India (RBI) reduced the bank rate by one percentage point from 11 per cent per annum to 10 per cent annum with effect from the close of business on June 25, 1997. All interest rates on advances from the Reserve Bank such as export credit refinance, and general refinance to banks which are specifically linked to the bank rate were also revised downwards.

(c) and (d) Interest rate is one among several factors responsible for influencing industrial activity. Cost of credit forms one part of the total cost of operations and therefore lowering of interest rates would influence investment Sentiment and thereby the industrial activity. There are, however, other factors, such as infrastructural support, availability and cost of raw materials, pick up in overall demand and flow of funds from the non-banking sources, which together wield a strong influence on the level of industrial activity.

Profitability of banks is dependent mainly on the spread available to them between the average cost of funds and the average earnings on their deployment besides other factors such as the levels of non-performing assets, provisioning requirements and cost of operations. To the extent the spread between the cost and earnings is maintained by lowering interest rates offered on deposits in line with lowering of lending rates, bank's profitability may not be adversely affected.

Bank Loan for Higher Education

*146. SHRI SHANTILAL PARSOTAMDAS PATEL:
SHRI RADHA MOHAN SINGH :

Will the Minister of FINANCE be pleased to state:

- whether some nationalised Banks have launched schemes of financial loans to students for higher studies in and outside India;
- If so, the details thereof alongwith conditions etc. of such loans;
- the details of such loans granted for studies in India and abroad, separately, during the last three years, year-wise and bank-wise; and