

as a result of the recent relaxation in 'P' Form regulations; and

(b) if so, what steps Government propose to take to curb this tendency ?

THE MINISTER OF REVENUE AND EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI VIDYA CHARAN SHUKLA) : (a) All authorised foreign exchange transactions of the country are carried at rates which are within the permissible range of one percent of the par value of Indian rupee. The official par value has remained unchanged at 13.33 U.S. cents per rupee since the devaluation in June, 1966. The transactions in contravention of the Foreign Exchange Regulations may occur at rates different from the official rates. These transactions are inherently illegal and limited in character. It will not be correct to establish a direct relationship between these illegal transactions with the recent relaxations in 'P' Form Regulations.

(b) Does not arise.

#### FOREIGN BANKS

1127. SHRI K. L. N. PRASAD : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the Reserve Bank of India has recently issued instructions to all foreign banks operating in India to obtain its prior approval to the proposals for employment of foreign nationals in those banks;

(b) if so, what is the total number of foreign nationals working in the foreign banks operating in India at present,

(c) whether it is a fact that the Reserve Bank proposes to adopt other measures by which the number of non-Indians employed in the higher income bracket in these banks is reduced; and

(d) if so, what are the details of these other measures proposed by the Reserve Bank of India; and by when these measures are going to be enforced ?

THE MINISTER OF REVENUE AND EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI VIDYA CHARAN SHUKLA) : (a) In order to have an effective control over the Indianisation of staff by foreign banks, the Reserve Bank of India advised in November, 1968, all the authorised dealers in foreign exchange to obtain prior sanction of the Reserve Bank before engaging any foreign national. This restriction applies to all banks in India including branches of foreign banks.

(b) According to information collected by the Reserve Bank, there were 150 foreign nationals working in the branches of foreign banks operating in India on the 31st March, 1970.

(c) and (d) Government's policy is to progressively reduce the number of foreigners in superior posts which do not require any special technical expertise not available in the country. With a view to bringing about an acceleration in the pace of Indianisation of staff, the foreign banks were asked by the Reserve Bank individually to take early steps in this direction and furnish to the Reserve Bank their programme of Indianisation of staff. The question of further steps to be taken for reducing the number of foreign nationals is under consideration of the Reserve Bank.

#### STEPS AGAINST SMUGGLING

1128. SHRI K. L. N. PRASAD : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that smuggling on a very big scale in the past few years has become a threat to the developing economy of the country;

(b) if so, whether it is also a fact that the smuggling besides upsetting normal trade has threatened many industries in the country; and whether it continues to flourish despite controls and official vigilance;

(c) if so, what are the other steps besides the steps taken so far which Government propose to adopt to tackle this problem of large scale smuggling;

(d) whether it is a fact that Indian smugglers are backed by international gangs; and

(e) if so, whether the Government of India have approached the foreign countries for their co-operation in checking the large scale smuggling to this country ?

THE MINISTER OF REVENUE AND EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI VIDYA CHARAN SHUKLA) : (a) There is no reliable data before the Government to indicate that smuggling has become a threat to the developing economy of the country.

(b) No threat to indigenous industries from smuggling has come to Government's notice. It is true, however, that smuggling continues despite official vigilance.

(c) The following steps have been taken to prevent smuggling of contraband goods : Systematic collection and follow-up of