

(d) whether it is also a fact that glass wool is manufactured from glass waste and is used in sugar industries, thermal power houses, shipyards, etc., to minimise fuel consumption and is different from synthetic yarn ;

(e) if so, what are the reasons for putting it under tariff No. 22-F, Mineral fibre and yarn ;

(f) what steps Government are taking to exempt glass wool from the central excise duties ; and

(g) if the answer to part (f) above be in negative what are the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATISH AGARWAL) : (a) and (b) A representation from the Royal Haryana Insulation of Sonapat in Haryana seeking exemption from excise duty on the item of glass wool manufactured from broken glass pieces was received in April, 1978. No representation from any other producer of glass wool has been received in this Ministry. The Government are not aware of any reported crisis in the Glass Wool Industry.

(c) Royal Haryana Insulation in their representation have broadly made the following points :

(i) They are a small scale new industry ;

(ii) Glass wools have not been exempted from Central Excise Duty as has been done in the case of other specified industries under notification No. 71/78-CE, dated 1-3-78 applicable to the small scale units whose clearance during the preceding financial year did not exceed Rs. 15 lakhs.

(iii) In 1978 Budget a special excise duty of 5% on basic excise duty has been imposed.

(iv) Glass wool manufactured from broken glass pieces may be exempted from payment of Central excise duty.

(d) Glass wool is manufactured from the same materials as those used in glass manufacture. It would not be correct to say that glass wool is manufactured only from glass waste. Glass wool is used for insulation as well as for draperies, curtains and the like. It is especially valued for its fire-proof and chemical resistance properties. Glass wool, which is not yarn, is different from synthetic yarn.

(e) Item 22 Especially includes glass wool under the general tariff heading "Mineral fibres and yarn and manufactures therefrom." In trade and technology

glass wool is considered as an artificial mineral fibre.

(f) There is no proposal at present for exempting glass wool from payment of Central excise duties.

(g) Yarn spun wholly out of glass fibres, and glass fabrics already enjoy full exemption. The effective levy is also restricted to the products or in relation to the manufacture of which any process is ordinarily carried on with the aid of power. The rate of duty on glass wool, which is based on its value is considered reasonable ; no special factors are known to have developed to warrant consideration of any reduction in duty.

Gold Reserve Position in India's Monetary System

2037. **SHRI SHIVA CHANDRA JHA:** Will the Minister of FINANCE be pleased to state :

(a) what is the present gold reserve position in India's monetary system ;

(b) what has been its proportion vis-a-vis currency issued during the last three years ;

(c) whether Government propose to change this system ; if so, what are the details in this regard ; and

(d) if the answer to part (c) above be in the negative what are the reasons therefor?

THE MINISTER OF FINANCE (SHRI H.M. PATEL) : (a) Present gold reserve requirement against note issue is governed by sub-section (2) of section 33 of Reserve Bank of India Act, 1934 (2 of 1934). It states that the backing for the currency in terms of gold coin, gold bullion and foreign securities held in the Issue Department should not at any time be less than Rs. 200 crores of this the value of gold (bullion plus coin) should not be less than Rs. 115 crores. As on 30th June 1978, the gold held in reserve against note issue was of the order of Rs. 214.22 crores.

(b) The proportion of gold holding vis-a-vis currency issue during the three years ending 30th June, 1978 was as follows :

As at the end of Proportion of gold to note	
June 1976	2.54 Percent
June 1977	2.59 percent
June 1978	2.59 percent

(c) No, Sir.

(d) There appears to be no need to change the present arrangement.