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Sugar Cess Act, 1982

Preamble 1 - Sugar Cess Act, 1982

SUGAR CESS ACT, 1982 SUGAR CESS ACT, 1982 3 of 1982 19th March 1982 Plant and machinery in the various sugar factories, which were established more than twenty five years ago have almost outlived their normal span of life. A large number of these factories are also having a crushing capacity of less than 1.250 TCD (Tonnes Crushed per day) which is considered to be uneconomic. The factories which are old and are of uneconomic capacity require rehabilitation on a priority basis. Many expert bodies have highlighted the need for rehabilitation and modernisation in the sugar industry. Besides, in many areas, development of sugarcane has not been possible on modern and scientific lines for want of necessary funds. 2. Measures so far taken, e.g., taking over of the management of sugar factories under the Industries (Development and Regulation) Act, 1951, and acquisition of sugar mills by some of the State Governments, could only be a partial and ad hoc solution to this problem, 3. The problem, in fact, needs analysis, in depth of unit wise maladies and coordination and supplementing of financial assistance under other schemes with suitable measures which would give a unit a chance to rehabilitate itself so that. after a period, the assistance could stop and the unit would go on its individual efforts. 4. It is against this background that it is proposed to empower the Central Government to levy a cess, by way of a duty of excise, on all sugar produced by sugar lac lories at such rate not exceeding ten rupees per quintal of sugar as that Government may notify. For the present the cess is proposed to be levied at the rate of five rupees per quintal. The cess will only have a marginal effect on the consumer and it will help to generate funds (at the rate of five rupees per quintal) of the order of thirty to thirty-five crores rupees per year. 5. The Bill seeks to achieve the above object. Provision is being made in the Sugar Development Fund Bill. 1981 for the constitution of a fund to be known as the Sugar Development Fund and for crediting to the said fund the proceeds of the aforementioned cess as reduced by the cost of collection. The fund will be applied for the purposes of rehabilitation and modernisation of sugar factories and for development of sugarcane in the areas in which sugar factories are situated and also for research aimed at development of sugar industry - Gag. of Ind., 17-12-1981, Pt. II, S. 2. Ext.. p. 929. Amending Act 57 of 1982.- It has been decided by the Government to build and maintain buffer stocks of sugar with a view to stabilizing sugar price and the ups and downs in the sugar industry. The salient features of the scheme are as follows: (a) Initially the size of the buffer stocks would be five lakh tonnes to be built out of the non-levy sugar. (b) The buffer stocks quantity would be kept as sequestered stocks with the sugar mills and the share of each mill prorated to its production. (c) For the quantity of buffer stocks, hundred per cent. bank credit would be provided. In addition, the mills would be compensated for holding the buffer stocks by providing to them some holding costs and interest charges (d) funds would be raised to pay the compensation to the sugar mills by providing for the levy of additional cess on sugar. Instead of having separate legislation and machinery for the levy of such additional cess and the administration of the funds raised thereby, it is proposed to avail of the provisions of the Sugar Cess Act. 1982 and the Sugar Development Fund Act. 1982tor the purpose by making suitable amendments therein. 2. Under the Sugar Cess Act, 1982. cess may be levied on sugar by notification at a rate not exceeding ten rupees per quintal and pending the issue of such a notification. such cess is leviable at the rate of five rupees per quintal. For the purpose of securing the additional funds needed in connection with the maintenance of the butler stocks of sugar, it is proposed to increase the maximum rate at which cess may be levied under that Act by notification from rupees ten per quintal to rupees fifteen per quintal. It is also proposed to increase the rate at which cess. may be levied pending the issue of a notification in that be half from rupees five per quintal to rupees fourteen per quintal. The additional cess which will be levied as a result of these amendments will have a marginal effect on the consumer who will be more than compensated by the protection he will get. as a result of the maintenance of buffer stocks of sugar, from repeated price fluctuations. 3. The Bill seeks to achieve the above object Provision already exists in the Sugar Development Fund Act, 1982for crediting to the proceeds of the cess as reduced by the cost of collection to the Sugar Development Fund. That Fund will be

applied, in addition to the existing purposes of rehabilitation and modernisation of sugar factories, etc. for defraying some holding costs and interest charges to the sugar mills in connection with the building up and maintenance of buffer stocks of sugar.-Gaz. ot Ind.. Pt. II. S. 2.Ext., p, 5 (No. 47) An Act to provide for the imposition of a cess on sugar for the development of sugar industry and for matters connected therewith. Be it enacted by Parliament in the Thirty-third Year of the Republic of India as follows :-

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