SUGAR CESS ACT, 1982

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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 in- dustry. 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 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 unitwise maladies and co-ordina- tion 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 Govern- ment 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 re. habilitation 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 develop- ment 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 tor 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 provid- ing 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 Sugar Development Fund Act, 1982 tor 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 secur- ing the additional funds needed in connection with the maintenance of the butler stocks of sugar, it is proposed to increase themaximum rate at which cess may be levied under that Act by notification from rupeesten per quintal to rupees fifteen per quintal. It is also proposed to increase the rate at which cess. may be levied pending the issue ot a notification in that behalt 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 pro- tection he will get. as a result of the maintenance of buffer stocks of sugar, from re- peated price fluctuations. 3. The Bill seeks to achieve the above object Provision already exists in the Sugar Development Fund Act, 1982 for crediting ot the proceeds of the cess as reduced by the cost of collection to the Sugar Development Fund. That Fund will be applied, in addi tion to the existing purposes of rehabilita tion and modernisation of sugar factories, etc. for defraying some holding costs and inteest charges to the sugar mills in connection with the building up and maintenance of buffer stocks of sugar.-Gaz. ot Ind.. 14-9- 1982. Pt. II. S. 2.Ext., p, 5 (No. 47)

1. Short title, extent and commencement :-

(1) This Act may be called THE SUGAR CESS ACT, 1982.

(2) It extends to the whole of India.

(3) It shall come into force on such date [1] as the Central Government may, by notification in the Official Gazette, appoint

1. 1-6-1982-See Gaz. of Ind" 29-5-1982, Pfc II, S. 3 (1), Ext., p. 2 (No. 164).

2. Definitions :-
In this Act, unless the context otherwise requires,-

(a) "occupier", in relation to any sugar factory, means the person who has ultimate control over' the affairs of the sugar factory or the owner of the sugar factory in case he is not the occupier;

(b) "prescribed" means prescribed by rules made under this Act;

(c) "sugar factory" means any premises (including the precincts thereof) in any part of which sugar is manufactured by vacuum pan process;

(d) "sugar" means any form of sugar including crushed sugar or sugar in crystallised or powder form, containing ninety per cent or more of sucrose and produced by the vacuum pan process and includes raw sugar produced by the said process.

3. Imposition of cesa. :-

(1) There shall be levied and collected as a cess, for the purposes of Sugar Development Fund Act, 1982, a duty of excise on all sugar produced by any sugar factory in India, at such rate not exceeding [1][fifteen rupees] per quintal of sugar, as the Central Government may, by notification in the Official Gazette, specify from time to time: Provided that until such rate is specified by the Central Government, the duty of excise shall be levied and collected at the rate of [1] [fourteen rupees] per quintal of sugar.

(2) The duty of excise levied under sub-section (1) shall be in addition to the duty of excise leviable on sugar under Central Excises and Salt Act, 1944, or any other law for the time being in force.

(3) The duty of excise levied under sub-section (1) shall be payable by the occupier of the sugar factory in which sugar is produced.

(4) The provisions of Central Excises and Salt Act, 1944, and the rules made thereunder, including those relating to refunds and exemptions from duty, shall, so far as may be, apply in relation to the levy and collection of the said duty of excise as they apply in relation to the levy and collection of the duty of excise on sugar under that Act.

1. Substituted for the words "ten rupees" and "five rupees" respectively by the Sugar Cess (Amendment) Act, 1982 (57 of 1982), S. 2 (1-11-1982).

4. Crediting proceeds of duty to Consolidated Fund of India :-

The pro- ceeds of the duty of excise levied under section 3 shall be credited to the Consolidated Fund of India.

5. Power to call for reports and returns :-

The Central Government may require an occupier of a sugar factory to furnish, for the purposes of this Act, such statistical and other information in such form and within such period as may be prescribed.

6. Power to make rules :-

(1) The Central Government may, by notifica- tion in the Official Gazette, make rules for carrying out the provisions of this Act.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for the form in which and

the period within which statistical and other information may be furnished under section 5 .

(3) Every rule made under this section shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session, or in two or more successive sessions, and if, before the expiry of the session im- mediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.