

Bill No. 23 of 2008

THE SUGAR DEVELOPMENT FUND (AMENDMENT) BILL, 2008

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BILL

further to amend the Sugar Development Fund Act, 1982 and the Sugar Cess Act, 1982.

BE it enacted by Parliament in the Fifty-ninth Year of the Republic of India as follows:—

1. (1) This Act may be called the Sugar Development Fund (Amendment) Act, 2008.

Short title
and com-
mencement.

(2) It shall be deemed to have come into force on the 5th day of February, 2008.

4 of 1982.

2. In the Sugar Development Fund Act, 1982, in section 4, in sub-section (1), after clause (bbb), the following clause shall be inserted, namely:—

Amendment
of section 4.

“(bbb) for defraying expenditure for the purpose of financial assistance to sugar factories towards interest on loans given in terms of any scheme approved by the Central Government from time to time.”

3 of 1982.

3. In the Sugar Cess Act, 1982, in section 3, in sub-section (1),—

Amendment
of section 3.

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(a) for the words “fifteen rupees”, the words “twenty-five rupees” shall be substituted;

(b) the proviso shall be omitted.

Repeal and
saving.

4. (1) The Sugar Development Fund (Amendment) Ordinance, 2008, is hereby repealed.

Ord. 4 of
2008.

(2) Notwithstanding such repeal, anything done or any action taken under the Sugar Development Fund Act, 1982 and the Sugar Cess Act, 1982 as amended by the said Ordinance, shall be deemed to have been done or taken under the said Acts, as amended by this Act.

4 of 1982.
3 of 1982.

STATEMENT OF OBJECTS AND REASONS

The Sugar Development Fund Act, 1982 was enacted to provide for financing the activities for development of sugar industry and for matters connected therewith or incidental thereto. Section 4 (*I*) of the said Act provides the purposes for which the Sugar Development Fund shall be applied by the Central Government. The existing provisions do not specifically provide for payment of interest subvention from the Sugar Development Fund on loans given to sugar factories by banks or financial institutions.

2. The Government has approved a scheme in December, 2007 to provide loans for sugar factories from banks on the basis of excise duty paid and payable in 2006-07 and 2007-08 sugar seasons on production of sugar, with full interest subvention up to a maximum of twelve per cent. per annum, out of which five per cent. of the interest subvention would be provided through budgetary support from the Central Government and the rest seven per cent. from the Sugar Development Fund to utilise the loan proceeds for payment of sugarcane arrears of 2006-07 and sugarcane dues of 2007-08 sugar season (October-September). Claims for interest subvention were expected to be received from February, 2008 itself. Therefore, the provisions of the said section needed to be amended.

3. The Sugar Cess Act, 1982 was enacted to provide for imposing cess on sugar for development of sugar industry and for matters connected therewith. Section 3(*I*) of the said Act as amended from time to time, provides for a cess on sugar at rates not exceeding rupees fifteen per quintal of sugar. The main source of funds for the Sugar Development Fund is by way of collection of cess on sugar. As per the estimates of the receipts into and disbursements from the Sugar Development Fund in the next about one year and two months, that is, upto March, 2009, there will not be sufficient funds in the Sugar Development Fund to meet the expected expenditure on account of interest subvention. In order to improve the accretion in to the said Fund to meet the requirements of the various schemes approved by the Government and to ensure that sufficient fund is available for carrying out other purposes of the Act, there was immediate need to amend the said section to empower the Central Government to increase the cess from the present rate of rupees fifteen per quintal of sugar to rupees twenty-five per quintal and it will specify the increase in cess as per requirements of funds from time to time.

4. Accordingly, the Sugar Development Fund (Amendment) Ordinance, 2008 was promulgated by the President on the 5th February, 2008. The Ordinance provides as follows:—

- (i) amendment of sub-section (*I*) of section 4 of the Sugar Development Fund Act, 1982 by inserting a new clause (*bbbb*) for defraying expenditure for the purpose of financial assistance to sugar factories towards interest on loans given in terms of any scheme approved by the Central Government from time to time;
- (ii) amendment of sub-section (*I*) of section 3 of the Sugar Cess Act, 1982 to increase the sugar cess from fifteen rupees to twenty-five rupees and to omit the proviso to the said sub-section as it becomes redundant.

5. The Bill seeks to replace the aforesaid Ordinance.

SHARAD PAWAR.

NEW DELHI;

The 26th February, 2008.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF
THE CONSTITUTION OF INDIA

**[Copy of letter No. 1(5)/2008-SDF, dated the 27th February, 2008 from
Shri Sharad Pawar, Minister of Agriculture and Consumer Affairs, Food and Public
Distribution to the Secretary-General, Lok Sabha]**

The President, having been informed of the subject matter of the proposed Sugar Development Fund (Amendment) Bill, 2008, recommends the introduction of the Bill in Lok Sabha under article 117(1) of the Constitution and the consideration of the Bill under article 117(3) of the Constitution.

FINANCIAL MEMORANDUM

Clause 2 of the Bill proposes to amend sub-section (1) of section 4 of the Sugar Development Fund Act, 1982 to empower the Central Government to defray the expenditure from Sugar Development Fund for the purpose of financial assistance to the sugar factories towards interest on loans given in terms of any scheme approved by the Central Government from time to time. The Government notified a scheme in December, 2007 to provide for interest subvention of seven per cent. per annum from the said Fund on the loans given by banks and financial institutions to sugar factories for making payment to cane growers. It is estimated that the loans from banks and financial institutions against excise duty paid and payable during the year 2006-07 and 2007-08, would be to the tune of rupees three thousand eight hundred and eighteen crores and interest subvention of seven per cent. per annum for four years would be rupees seven hundred and ninety-two crore. The expenditure would be of a recurring nature during the period of the scheme.

2. Clause 3 seeks to increase the maximum amount of cess that may be levied and collected on sugar from rupees fifteen per quintal to rupees twenty-five per quintal. Even if the Government decides to increase the sugar cess to the maximum of rupees twenty-five per quintal, the net increase in the sugar price, that the consumer will have to bear, will work out to just ten paise per kg. of sugar whereas the increased collection of sugar cess for the Fund at a production of two hundred and fifty lakh tons would be about rupees two hundred and fifty crore per year. The actual increase in cess will be decided by the Central Government taking into consideration all the relevant factors.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 2 empowers the Central Government to provide financial assistance from Sugar Development Fund to sugar factories towards interest on loans given in terms of any scheme approved by the Central Government.

Clause 3 empowers the Central Government to increase the Cess collected by way of duty of excise, by notification in the Official Gazette, on all sugar produced by any sugar factory in India from rupees fifteen per quintal to rupees twenty-five per quintal.

The scheme approved and the notification issued by the Central Government shall be laid before each House of Parliament. Such scheme approved would relate to matters of procedure and administrative detail and it is not practicable to provide them in the Bill itself. The delegation of legislative power is, therefore, of a normal character.

ANNEXURE

EXTRACT FROM THE SUGAR DEVELOPMENT FUND ACT, 1982
(4 OF 1982)

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Application of Fund. **4. (1)** The Fund shall be applied by the Central Government,—

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EXTRACT FROM THE SUGAR CESS ACT, 1982
(3 OF 1982)

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Imposition of cess. **3. (1)** There shall be levied and collected as a cess, for the purposes of the Sugar Development Fund Act, 1982, a duty of excise on all sugar produced by any sugar factory in India, at such rate not exceeding fifteen rupees per quintal of sugar, as the Central Government may, by notification in the Official Gazette, specify from time to time: 4 of 1982.

Provided that until such rate is specified by the Central Government, the duty of excise shall be levied and collected at the rate of fourteen rupees per quintal of sugar.

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LOK SABHA

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BILL

further to amend the Sugar Development Fund Act, 1982 and the Sugar Cess Act, 1982.

*(Shri Sharad Pawar, Minister of Agriculture and Consumer Affairs,
Food and Public Distribution)*