

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE**

.....  
**LOK SABHA**

**UNSTARRED QUESTION No. 658  
TO BE ANSWERED ON FRIDAY, JULY 20, 2018/ Ashadha 29, 1940 (Saka)**

**CESS ON SUGAR**

**658. SHRI JAYADEV GALLA:**

Will the Minister of FINANCE be pleased to state:

- (a) whether discussions were held in the Goods and Services Tax (GST) Council to impose cess on sugar to help sugar mills and if so, the details thereof;
- (b) whether some States have opposed this move as it defeats the very objective of one Nation-one Tax under GST and if so, the details thereof;
- (c) whether a Committee has been constituted to look into this issue and directed to submit its report in fifteen days;
- (d) if so, the outcome thereon along with the details of recommendations made by the Committee; and
- (e) the constraints faced by the Government in order to meet the demands/requirement of sugar mills from its budgetary resources?

**MINISTER OF STATE FOR FINANCE  
(SHRI SHIV PRATAP SHUKLA)**

(a) Yes Sir. Discussions were held in the 27th GST Council meeting held on 04th May, 2018 to impose cess on sugar to help sugar mills.

(b) Yes Sir. Some States have expressed concerns regarding imposition of sugar cess.

(c) and (d) Based on the decision of the GST Council, a Group of Ministers (GoM) comprising of Ministers from five States has been constituted on 04.05.2018 to look into this matter and give a report within fifteen days from its constitution. An interim report has been submitted by the GoM wherein the following recommendations have been made:

- a) Power to levy cess by the Union or States: Being a sub-judice matter, GoM has advised to wait till the final judgement of the Hon'ble Supreme Court is delivered on the constitutional validity of imposition of Compensation Cess under GST.
- b) Levy of 1% Agricultural Cess on certain commodities: It is to be deliberated upon in the next meeting of GoM on 21.07.2018.
- c) Reduction in GST on ethanol: GST on ethanol can be reduced from 18% to 12% only when it is supplied to oil marketing companies.

(e) In the pre-GST regime, a cess was levied on sugar under the Sugar Cess Act, 1982. The proceeds from this cess were utilized for various interventions like financial assistance through SEFASU (Scheme for Extending Financial Assistance to Sugar Undertakings), Raw sugar export incentive scheme, soft loan scheme and production subsidy scheme. However, under GST regime, sugar cess has been abolished. As a result, there is no separate fund that can be utilized for welfare of sugar mills and sugar farmers.

\*\*\*

