

Title: Need to amend Income Tax Act with a view to exclude cooperative sugar industries from its ambit- laid.

SHRI SADASHIVRAO DADOBA MANDLIK (KOLHAPUR) : My constituency of Kolhapur and the Maharashtra region is major producer of sugar through co-operative sugar industry. It is well understood fact that the sugar industry is going through a very severe financial crunch due to fall in sugar prices. To add to the woes of sugar industry export market has suddenly declined because of current gulf war. As a result huge stocks of sugar are piling up in all sugar factories.

The Government has issued income-tax notices w.e.f. 1988 to sugar industries. The notices are based on assumption that rate paid to the farmers above statutory Government price is income of the factories. This rate is paid by factories to individual member cane growers. It is a matter of record that these member farmers are the real owners of these factories and it does not constitute income of factories.

In case, the income-tax recovery as calculated in recovered then not only the sugar factories but all lands of member farmers will have to be sold and even then full recovery will not be possible.

I, therefore, request the Government to kindly reconsider the entire issue and withdraw the notices and amend the present income-tax Act so as to exclude the co-operative sugar industries from its ambit and help the ailing sugar industry to recover from severe financial crunch.
