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Government of India
Ministry of Consumer Affairs, Food& Public Distribution
Department of Food & Public Distribution
Directorate of Sugar

Krishi Bhawan, New Delhi
Dated the 23rd February, 2012

To

All Sugar Mills

Subject: Export of raw, white and refined sugar under OGL.

It has been decided to allow export of 10 lac tons of raw, white and refined sugar under OGL during the current sugar season 2011-12. The export quota of 10 lac tons has been pro-rated amongst sugar factories by taking into account their 3 years' average production or 2 years' average production in case a factory had not operated in 1 of 3 years or last year's production if it had operated in only the last year. A brand new sugar factory which has started in 2011-12 will not have any export entitlement. The refineries which are producing refined sugar from raw sugar (not from sugarcane) will also not have any export entitlement. *The sugar factory wise export quota is at Annexure.*

2. The following are the guidelines for applying/obtaining export release order (R.O.) from the Directorate of Sugar.

i) The application for R.O. will be made only by the sugar factory to whom the quota has been allocated.

ii) The sugar factory will have two options (a) to export the sugar from its own production or (b) to source from some other factory in order to minimize the transportation cost, etc.

iii) In case of Option (a), the application for R.O. for export should categorically mention

(a) The name of the exporter
(b) Certificate that the quantity is produced in the same factory
(c) The original agreement between the factory and the exporter.

Explanation: Where two or more sugar factories are under the same management, no agreement is necessary when sugar is sourced by one sugar factory for export against its allocated quota from its sister factory. However, the factory must indicate the name of the group factory from which sugar has been sourced so that the stocks of the sugar factory are deducted against the sugar delivered for export for the purpose of giving domestic releases of sugar.

iv) In case of Option (b), the application for R.O. for export should categorically mention

(a) The name of the exporter
(b) The factory from which the sugar has been sourced
(c) The original agreement between the factory, the exporter and the factory from which the sugar has been sourced.

v) The above details will also be mentioned in the R.O. to be issued by the Directorate of Sugar.

vi) All complete applications for R.Os. will be processed within 3 working days. *However, in cases where the applicant factory/sugar supplying factories is found defaulter* with regards to timely submission of the statutory returns i.e. E.R. I forms, RT-7 C, production returns in Proforma-II; timely delivery of levy sugar; speedy settlement of cane price arrears at least of last sugar season, compliance of regulations related to sugar industry including change of name etc., *in such cases export release order will be kept on hold till the period factory submits the requisite documents/clarifications to the satisfaction of the Directorate of Sugar.*

vii) No request for change of exporter/name of source factory will be entertained once the application has been submitted or release order issued unless such request is supported with NOC from all the parties concerned.

viii) All exports under OGL would be over and above what was *permitted under 1st tranche of 10 lac tons* but out of 2011-12 season's production. Further, this would be over and above the monthly release allotments meant for domestic sale, i.e., no part of that can be exported either by sugar mill itself or by the third party from which the exports are sourced by another sugar mill and merchant exporter.

ix) Sugar factories which is exporting (either its own stock itself or through merchant exporter or the stocks of a third party through a merchant exporter) will be deemed to have undertaken that such exports are not at the expense of its monthly release quota commitments. The third party whose stocks are actually sourced for exports will also be deemed to have undertaken that the exported quantity is not at the expense of its monthly release quota meant for domestic sale. Any breach of the above condition by way of monthly sale quota being diverted for export by a sugar mill or third party from which export goods are actually sourced, would invite blacklisting of exporter mill and the merchant exporter as well as the third party and disqualify all involved from further participation in OGL export besides inviting other action under the law. The export application should also be accompanied with a statement from the applicant mill or from the source sugar mill, as the case may be, indicating separately the season-wise levy and non-levy sugar stocks as on 31.01.2012, duly signed by the authorised signatory of the concerned sugar mill.

x) There will be no incentive in the form of levy exemption. Further, no financial assistance will be provided by the Department of Food and Public Distribution for such export. However, for the export incentives, if any, given by the concerned Departments of the Central/State Government, exporting sugar factories/merchant exporters will be eligible to receive such incentives. Also, the quantity delivered by the factory for export will be deducted from the stocks of the sugar factory, from which sugar for export has been sourced.

(xi) The last date for submission for application from the mills opting for option (a) i.e. to export from its own production shall be 30 days from the date of the issue of this circular. Sugar mills opting for option (b), the last date shall be 45 days from the date of issue of this circular. *No further extension of time period will be permitted for submission of application beyond the stipulated period. Thereafter, the unutilized quota of the concerned mills will stand lapsed as far as the concerned mill is concerned.*

(xii) Once the application time is over, any leftover quota, not applied, would be appropriated for allotment among those sugar mills who are interested in further exports. This is proposed to be done by a public notice through NIC-web/Press release, giving 10 days time to the interested mills to apply and subsequently the available quantity would be apportioned among the applicant mills on the basis of their original allocation under the present OGL tranche.

(xiii) Export Release Order shall be issued with the validity period of 60 days.

23/2/12

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