

S.MURUGAPPAN

ADVOCATE, HIGH COURT

ASSISTED BY:

K.NANCY, B.COM., B.L. (HONS.),

M.S.HARSHA PRABHU, L.L.M.

CONSULTANTS:

GST, CUSTOMS, FOREIGN TRADE LAWS,

FOREIGN EXCHANGE MANAGEMENT ACT.

OPINION

1. **QUERIST:**

M/s. Diabliss Consumer Products Pvt. Ltd.,
Type II, Unit-20,
Dr.VSI Estate, Thiruvanmiyur,
Chennai – 600 041.

2. **FACTS:**

2.1 Querist is a manufacturer of Low Glycemic Index Sugar. It is marketed as well as exported as diabetic friendly sugar and has the following ingredients as per the package.

Cane Sugar with extracts of Fenugreek, Cinnamon, Gooseberry (Amla), Pomegranate, Black Pepper, Turmeric and Ginger.

2.2 As per the package it is a sugar enriched with a special herbal extract which reduces its glycemic index. Another package wrapper describes this product as 'Cane Sugar'.

2.3 The classification adopted for this sugar by the querist is "1701 1490".

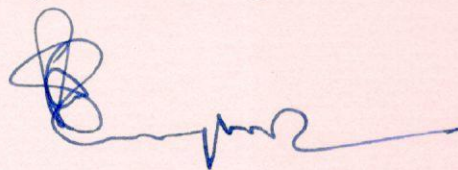
2.4 The above goods could be exported without any licensing requirements. However, with effect from 1st June 2022 upto 31st October 2022 or until further orders, whichever is earlier, export of sugar is allowed only on the basis of specific permission from the Directorate of Sugar and Vegetable Oils, Department of Food & Public Distribution, Ministry of Consumer Affairs, Food & Public Distribution.

3. **QUERY:**

In the light of the restrictions introduced as above, the querist would like to know whether the type of sugar being exported by them as mentioned above can be exported without any specific permission. It is also reported by the querist that the price of this sugar is nearly 3½ times of normal sugar.

4. **OPINION:**

4.1 A copy of the Notification No.10/2015-20 dated 24.05.2022 issued by the Ministry of Commerce & Industry, Department of Commerce is attached as **Annexure-I** to this opinion. From this notification it can be seen that sugar falling under 1701 1490 and 1701 9990 are restricted for export with effect from 01.06.2022. In the description column within brackets 'sugar' is amplified as "Raw Sugar, Refined Sugar and White Sugar".



A-2, Srivatsam, 58, Thirumalai Pillai Road, T.Nagar, Chennai – 600 017.

Email: smurugappan53@yahoo.com

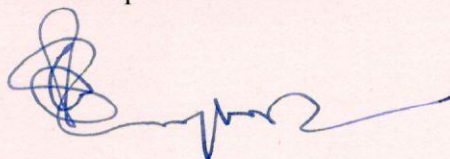
Website: www.smurugappan.com

Phone: 044-28340431

- 4.2 Further, the notification indicates that the detailed procedure for issue of permissions for export of sugar will be notified separately by the Department of Food & Public Distribution. On 24th May 2022, in terms of instructions under reference F.No.1-1/(2022)-SP-I the Ministry of Consumer Affairs, Food & Public Distribution, Department of Food & Public Distribution, Directorate of Sugar and Vegetable Oils has specified the procedure and regulation mechanism for export of sugar subsequent to the restrictions mentioned above. A copy of the instructions is attached as **Annexure-II**. These instructions also refer to regulation of export of raw, white and refined sugar. There is no separate exclusion of any special category of sugar either in the notification or in the instructions. Further, in para 5(vi) the following is stated in the above instructions.

“The sugar mills/refinery which export refined sugar by way of value addition to raw sugar obtained as input from the domestic sugar manufacturer through OGL shall be considered to have exported domestically manufactured sugar. In this regard, the raw/white sugar manufacturer, and the sugar refinery for that purpose shall enter into bi-partite/tripartite agreement.”

- 4.3 Though the product under reference has other herbal ingredients to make it a Low Glycemic Index product, it continues to be sugar that is refined. It is further noticed that this sugar is classified only under “1701 1490” as “Other Cane Sugar” and thus, cannot be treated as a different commodity for exclusion from the scope of restrictions. Therefore, under such circumstances and in the absence of any specific exclusion from the scope of the restrictions of any category of sugar, it will be difficult to hold that such packaged sugar will get excluded from the restrictions.
- 4.4 As a result, for export of this sugar also, permission from the Department of Food & Public Distribution, Directorate of Sugar and Vegetable Oils will be necessary. The value aspect may not have much impact with regard to the predominant nature of the product as such. However, it will provide an added advantage to obtain permission from the Directorate of Sugar and Vegetable Oils for effecting exports. When compared to export of sugar in bulk or in bags, the overall quantum of export of such speciality sugars like Low Glycemic Index Sugar should be less and therefore, it should be easy to obtain permissions also.



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Disclaimer:- The above opinion is provided based on the information and documents made available to us by the querist and further based on the laws and rules prevalent as on date and the understanding of such provisions by the author and is meant for the private use of the person to whom it is provided without assuming any liability for any consequential action taken based on the views expressed here.