[1]THE
SUGARCANE (CONTROL) ORDER, 1966

GSR 1126, Ess. Com./sugarcane, dated the 16th July, 1966.—In exercise of the powers onferred by Section 3 of the Essential Commodities Act, 1955 (Central Act 10 of 1955), the Central Government hereby makes the following Order, namely:—

1. Short title, extent and commencement.—(1) This Order may be called the Sugarcane (Control) Order, 1966.

(2) It extends to the whole of India [2][x x x.]

(3) It shall come into force at once.

2. Definitions.—In this Order, unless the context otherwise requires,—

(a) **"Crusher"** means a crusher drawn by bullock or any other animal and engaged or ordinarily engaged in the crushing of sugarcane and includes any equipment for [3][x x x x x], rab or khandsari sugar;

(b)

[4][(c) **"Co-operative society"** means a co-operative society registered under the Co-operative Societies Act, 1912 (2 of 1912), or under any other law for the time being in force relating to co-operative societies;

(d)

(e)

(f) **"Factory"** means any premises including the precincts thereof in any part of which sugar is manufactured by vacuum pan processand at its own option, ethanol either directly from sugarcane juice or from molasses, including B-Heavy molasses, or both, as the case may be, is manufactured];

[7][(g) **"Khandsari sugar"** means sugar produced by open pan process;

(h) **"Khandsari unit"** means a unit engaged or ordinarily engaged in the manufacture of khandsari sugar from sugarcane juice or rab;

"Power crusher" means a crusher working with the aid of diesel, electrical or steam power and engaged or ordinarily engaged in crushing sugarcane and extracting juice therefrom for the manufacture of [x x x x x], shakkar, [x x x x x], rab or khandsari sugar;

"Price" means the price or the minimum price fixed by the Central Government from time to time for sugarcane delivered.—

(i) to a sugar factory at the gate of the factory or at a sugarcane purchasing centre; or

(ii) to a khandsari unit;]

"Producer of khandsari sugar" means a person carrying on the business of manufacturing sugar by open pan process;

[1][(i) **"Producer of sugar"** means a person carrying on the business of manufacturing sugar by vacuum pan process and at its own option, ethanol either directly from sugarcane juice or from molasses,including B-Heavy molasses, or both];

(j)

(k) **"Reserved area"** means any area where sugarcane is grown and reserved for a factory under sub-clause (1)(a) of clause 6;

"Year" means the year commencing on the first day of July and ending with the thirtieth day of June in the year next following.

3. **Minimum price of sugarcane payable by producer of sugar.**—(1) The Central Government may, after consultation with such authorities, bodies or associations as it may deem fit, by notification in the

Official Gazette, from time to time, fix the minimum price of sugarcane to be paid by producers of sugar or their agents for the sugarcane purchased by them having regard to—

(a) the cost of production of sugarcane;

(b) the return to the grower from alternative crops and the general trend

(c) of prices of agricultural commodities;

(d) the availability of sugar to the consumer at a fair price;

(e) the price at which sugar produced from sugarcane is sold by producers of sugar; and

the recovery of sugar from sugarcane:

[2][Provided that the Central Government or with the approval of the Central Government, the State Government, may, in such circumstances and subject to such conditions as specified in Clause 3-A, allow a suitable rebate in the price so fixed.]

[3][**Explanation.**—(1) Different prices may be fixed for different areas or different qualities or varieties of sugarcane.

(2) When a sugar factory produces ethanol directly from sugarcane juice or B-Heavy molasses, the recovery rate in case of such sugar factory shall be determined by considering every 600 litres of ethanol so produced as equivalent to 1 tonne of production of sugar;

(3) Production of ethanol directly from sugarcane juice shall be allowed in case of sugar factories only.]

(2) No person shall sell or agree to sell sugarcane to a producer of sugar or his agent, and no such producer or agent shall purchase or agree to purchase sugarcane, at a price lower than that fixed under sub-clause (1).

[1][(3) Where a producer of sugar purchases any sugarcane from a grower of sugarcane or from a sugarcane growers' co-operative society, the producer shall, unless there is an agreement in writing to the contrary between the parties, pay within fourteen days from the date of delivery of the sugarcane to the seller or tender to him the price of the cane sold at the rate agreed to between the producer and the sugarcane grower or the sugarcane growers' co-operative society or that fixed under sub-clause (1), as the case may be, either at the gate of the factory or at the cane collection centre or transfer or deposit the necessary amount in the Bank account of the seller or the co-operative society, as the case may be.]

[2][(3-A) Where a producer of sugar or his agent fails to make payment for the sugarcane purchased within 14 days of the date of delivery, he shall pay interest on the amount due at the rate of 15 per cent per annum for the period of such delay beyond 14 days. Where payment of interest on delayed payment is made to a cane growers' society, the society shall pass on the interest to the cane growers concerned after deducting administrative charges, if any, permitted by the rules of the said society.]

(4) Where sugarcane is purchased through an agent, the producer or the agent shall pay or tender payment of such price within the period and in the manner aforesaid and if neither of them has so paid or tendered payment, each of them shall be deemed to have contravened the provisions of this clause.

(5) At the time of payment at the gate of the factory or at the cane collection centre, receipts, if any, given by the purchaser, shall be surrendered by the cane grower or co-operative society.

(6) Where payment has been made by transfer or deposit of the amount to the Bank account of the seller or the co-operative society, as the case may be, the receipt given by the purchaser, if any, to the grower or the co-operative society if not returned to the purchaser, shall become invalid.

[3][(7) In case, the price of the sugarcane remains unpaid on the last day of the sugar year in which cane supply was made to the factory on account of the suppliers of cane not coming forward with their claims therefor [4][x x x x], it shall be deposited by the producer of sugar with the Collector of the district in which the factory is situated, within three months of the close of the sugar year. The Collector shall pay, out of the

amount so deposited, all claims considered payable by him and preferred before him within three years of the close of the sugar year in which the cane was supplied to the factory. The amount still remaining undisbursed with the Collector, after meeting the claims from the suppliers, shall be credited by him to the Consolidated Fund of the State, immediately after the expiry of the time limit of 3 years within which claims therefor could be preferred by the suppliers. The State Government shall, as far as possible utilise such amounts for development of sugarcane in the State.]

[1][(8) Where any producer of sugar or his agent has defaulted in furnishing information under Clause 9 of this Order or has defaulted in paying the whole or any part of the price of sugarcane to a grower of sugarcane or a sugarcane growers co-operative society within fourteen days from the date of delivery of sugarcane, or where there is an agreement in writing between the parties for payment of price within a specified time and any producer or his agent has defaulted in making payment within the agreed time specified therein, the Central Government or an officer authorised by the Central Government in this behalf or the State Government or an officer authorised by the State Government in this behalf may either on the basis of information made available by the producer of sugar or his agent or on the basis of claims, if any, made to it or him regarding non-payment of prices or arrears thereof by the concerned grower of sugarcane or the sugarcane growers co-operative society as the case may be, or on the basis of such enquiry that it or he deems fit, shall forward to the Collector of the district in which the factory is located, a certificate specifying the amount of price of sugarcane and interest due thereon from the producer of sugar or his agent for its recovery as arrears of the land revenue.

(9) The Collector on receipt of such certificate, shall proceed to recover from such producer of sugar or his agent the amount specified therein as if it were arrears of land revenue.

(10) After effecting the recovery, the Collector shall intimate to the concerned growers of the sugarcane or the concerned sugarcane growers co-operative societies through a public notice to submit their claims in such a manner as he considers appropriate within thirty days:

Provided that the Collector may, for the reasons to be recorded in writing allow the submission of claims after the period so specified if he is satisfied that there was sufficient cause for not submitting such claim earlier.

(11) If the amount recovered is less than the amount specified in the certificate under sub-clause (8), the Collector shall distribute the amount so recovered among the concerned growers of the sugarcane or the concerned sugarcane growers co-operatives in proportion to the ratio determined by the Collector on the basis of the sugarcane supplied by the concerned growers of sugarcane or the sugarcane growers' co-operative society as the case may be.

(12) If the amount recovered and distributed under sub-clause (11) is less than the amount specified in the certificate under sub-clause (8), the Collector shall proceed to recover the remaining amount, as if it were arrears of land revenue till the full amount is recovered and distributed to satisfy the remaining claims.

(13) If the amount is given to the concerned sugarcane growers co-operative societies, it shall distribute the amount through cheque/draft/or any other recognised banking instrument on any Scheduled Bank to the concerned sugarcane growers within ten days of the receipt of the amount from the Collector.

(14) If the concerned sugarcane grower or the concerned sugarcane growers co-operative society do not come forward to claim or collect the amount so recovered by the Collector within three years from the date of the public notice referred to in sub-clause (10), the unclaimed amount shall be deposited by the Collector in the Consolidated Fund of the State.]

[1]**[3-A. Rebate that can be deducted from the price paid for sugarcane.**—A producer of sugar or his agent shall pay for the sugarcane purchased by him to the sugarcane grower or the sugarcane growers' co-operative society, either the minimum price of sugarcane fixed under Clause 3, or the price agreed to between the producer or his agent and the sugarcane grower or the sugarcane growers' co-operative society as the case may be (hereinafter referred to as the agreed price):

Provided that.—

[2](i) in the case of sugarcane delivered at any purchasing centre and the same being

(ii) transported to the factory by the factory owner by rail or by road using his own transport a rebate shall be made from the minimum price or the agreed price as the case may be and such rebate shall be fixed by the Central Government having regard to the actual cost of transportation in the area after consultation with such body or bodies as it may deem fit by notification in the Official Gazette from time to time and the owner shall accordingly make the rebate;]

the Central Government or the State Government, or the Director of Agriculture, or the Cane Commissioner, or the District Magistrate may allow a suitable rebate in the minimum price or the agreed price as the case may be, for the[3][burnt cane or stale cane or dried cane or rejected varieties of cane] supplied to factories within their respective jurisdiction subject to the condition that the rebate so allowed does not exceed the reduction in price on account of the estimated shortfall in the recovery of sugar from [4][burnt cane or stale cane or dried cane or rejected varieties of cane.]

(iii) where the sugarcane is brought bound in bundles and weighed as such, the Central Government, or with the approval of the Central Government, the State Government, or the Director of Agriculture, or the Cane Commissioner, or the District Magistrate, within their respective jurisdictions may allow a suitable rebate in regard to the weight of the binding material [5][not exceeding 1,000 grams per quintal of sugarcane;] and

[1][(iv) The Central Government or the State Government or the Director of Agriculture or the Cane Commissioner or the DistrictMagistrate, may allow a suitable rebate in the minimum price or the agreed price as the case may be, when the cane is supplied ex-field to sugar factories within their respective jurisdictions subject to the condition that the rebate so allowed shall not exceed the estimated expenditure on harvesting.]

4. Minimum price of sugarcane payable by producers of khandsari sugar.—The Central Government or a State Government, with the concurrence of the Central Government, may, by notification in the Official Gazette, from time to time, fix the minimum price or the price of sugarcane to be paid by producers of khandsari sugar or their agents for the sugarcane purchased by them:

Provided that the [2][Minimum] price or the [3][x x x] price of sugarcane so fixed shall not exceed the minimum price of sugarcane fixed for payment by producers of sugar in the region:

[4][Provided further that no person shall sell or agree to sell sugarcane to a producer of khandsari sugar or his agent, and no such producer or his agent shall purchase or agree to purchase sugarcane at a price lower than that fixed under Clause 4].

[5][Provided also that the Central Government or with the approval of the Central Government, the State Government, may in such circumstances and subject to such conditions as specified in Clause 4-A, allow a suitable rebate in the price so fixed.]

[6]**[4-A. Rebate that can be deducted from the price paid for sugarcane by producers of khandsari sugar.**—A producer of khandsari sugar or his agent shall pay for the sugarcane purchased by him to the sugarcane grower or the sugarcane growers' co-operative society, either the minimum price of sugarcane fixed under Clause 4, or the price agreed to between the producer or his agent and the sugarcane grower or the sugarcane growers' co-operative society, as the case may be (hereinafter referred to as the agreed price):

Provided that—

[7][(i) in the case of sugarcane delivered at any purchasing centre and the same being transported to the khandasari unit by the unit owner by rail or by road using his own transport, a rebate shall be made from the minimum price or the agreed price as the case may be, and such rebate shall be fixed by the Central Government having regard to the actual cost of transportation in the area, after consultation with such body or bodies as it may deem fit by notification in the

(ii) the Central Government or the State Government or the Director of
(iii) Agriculture or the Cane Commissioner or the District Magistrate may allow a suitable rebate in the minimum price or the agreed price as the case may be for [1][burnt cane or stale cane or dried cane or rejected varieties of cane] supplied to khandsari units within their respective jurisdictions subject to the condition that the rebate so allowed does not exceed the reduction in price on account of the estimated shortfall in the recovery of khandsari sugar from [2][burnt cane or stale cane or dried cane or rejected varieties of cane;]

where the sugarcane is brought bound in bundles and weighed as such, the Central Government or with the approval of the Central Government, the State Government or the Director of Agriculture or the Cane Commissioner or the District Magistrate within their respective jurisdictions, may allow a suitable rebate in regard to the weight of the binding material [3][not exceeding 1,000 grams per quintal of sugarcane;] and

[4][(iv) The Central Government or the State Government or the Director of Agriculture or the Cane ommissioner or the District Magistrate may allow a suitable rebate in the minimum [5][price or the agreed price] as the case may be, when cane is supplied ex-field to khandsari units within their respective jurisdictions subject to the condition that the rebate so allowed shall not exceed the estimated expenditure on harvesting.]]

5. Additional price for sugarcane purchased.—(1) Where a producer of sugar or his agent purchases any sugarcane from a grower of sugarcane or a growers' co-operative society during each of the four successive years beginning on the 1st day of November, 1958, the producer shall, in addition to the minimum price of sugarcane fixed under sub-clause (1) of Clause 3 pay to the grower or the co-operative society, as the case may be, an additional price, if found, due, in accordance with the provisions [6][of the First Schedule] hereto annexed.

(2) Nothing in sub-clause (1) shall apply to the purchase of sugarcane,—

(a) where such sugarcane is used for the production of sugar in a newly established
(b) factory until the expiry of three years commencing from the year in which the factory is so established;

where the purchase is made by a producer of sugar, which is a co-operative society, from the members of that co-operative society.

(3) If the Central Government is satisfied that during any year a factory has made no profit or has made inadequate profit, that Government, may by order in writing, exempt either wholly or partially, any producer of sugar from payment of the additional price due from him under sub-clause (1) in respect of sugarcane purchased for that factory during that year.

(4) The Central Government may appoint any person or authority as it thinks fit for the purpose of determining the additional price due from a producer of sugar under sub-clause (1) for each of the successive four years beginning on the 1st day of November, 1958 and when the price is so determined, the person or authority, as the case may be, shall intimate the same in writing to the producer and to the growers' co-operative societies or the local growers' associations, if any, connected with the supply of sugarcane to the factory.

(5) (a) Any producer of sugar or grower of sugarcane or growers'co-operative society who or which feels aggrieved by any decision of the person or authority referred to in sub-clause (4), may, within thirty days from the date of communication of such decision under that sub-clause, appeal to the Central Government:

Provided that the Central Government may, if it is satisfied that the appellant had sufficient cause for not preferring the appeal within the aforesaid period of thirty days, admit the appeal if presented within a further period of fifteen days.

(b) The Central Government may, after giving an opportunity to the appellant to represent his case and after making such further enquiry as may be necessary, pass such order as it thinks fit.

(c) The decision of the officer or authority referred to in sub-clause (4) where no appeal is filed, and of the Central Government where an appeal is filed, shall be final.

(6) The price determined under sub-clause (4) or sub-clause (5), as the case may be, shall be paid at such time and in such manner as the Central Government may from time to time direct.

(7) Where any payment has been made in accordance with the directions issued by the Central Government under sub-clause (2) of Clause 5 as it stood immediately before the commencement of the Sugarcane (Control) (Amendment) Order, 1962, then, notwithstanding anything contained in the foregoing provisions of this clause, such payment shall be deemed to have been made in lieu of the payment provided for in this clause as if that sub-clause were in force when the direction was issued or payment was made.

[1][**5-A. Additional price for sugarcane purchased on or after 1st October, 1974.**—(1) Where a producer of sugar or his agent purchases sugarcane from a sugarcane grower during each sugar year, he shall, in addition to the minimum sugarcane price fixed under Clause 3, pay to the sugarcane grower an additional price, if found due in accordance with the provisions of the Second Schedule annexed to this Order.

(2) The Central Government or the State Government, as the case may be, may authorise any person or authority, as it thinks fit for the purpose of determining the additional price payable by a producer of sugar under sub-clause (1) and the person or authority as the case may be, who determines the additional price, shall intimate the same in writing to the producer of sugar and the sugarcane grower connected with the supply of sugarcane to such producer of sugar.

(3) (a) Any producer of sugar or sugarcane grower, who is aggrieved by any decision of the person or authority referred to in sub-clause (2), may, within thirty days from the date of communication of such decision under that sub-clause, appeal to the Central Government or the State Government as the case may be:

Provided that the Central Government or the State Government, as the case may be, may, if it is satisfied that the appellant had sufficient cause for not preferring the appeal within the aforesaid period of thirty days admit the appeal, if presented within a further period of fifteen days.

(b) The Central Government or the State Government, as the case may be, may, after giving an opportunity to the appellant to represent his case and after making such further enquiry as may be necessary pass such order as it thinks fit.

(c) The decision of the person or authority referred to in sub-clause (2) where no appeal is filed, and of the Central Government or StateGovernment, as the case may be, where an appeal is filed shall be final.

(4) The additional price determined under sub-clause (2) or sub-clause (3), as the case may be, shall be paid by the producer of sugar to the sugarcane grower, at such time and in such manner as the Central Government or the State Government, as the case may be, may, from time to time direct.

(5) No additional price determined under sub-clause (2) or sub-clause (3), as the case may be, shall become payable by a producer of sugar who pays a price higher than the minimum sugarcane price fixed under Clause 3 to the sugarcane grower: Provided that the price so paid shall in no case be less than the total price comprising the minimum sugarcane price fixed under Clause 3 and the additional price determined under sub-clause (2) or sub-clause (3), as the case may be.

(6) Where any extra price is paid by the producer of sugar to the sugarcane grower for the supply of sugarcane in addition to the minimum sugarcane price fixed under Clause 3, the extra price so paid shall be

adjusted against the additional sugarcane price determined under sub-clause (2) or sub-clause (3), as the case may be, and the balance, if any, shall be paid to the sugarcane grower.

(7) Subject to the provisions of sub-clause (4), the additional price shall become payable to a sugarcane grower if he in performance of his agreement with a producer of sugar supplies not less than 85 per cent of the sugarcane so agreed:

[1][Provided that the additional price shall become payable to a sugarcane grower, even when he supplies less than 85 per cent of the sugarcane so agreed, if for the same supply he has not been subjected to any penalty by or under any Central or State Act or any rules or orders made hereunder for his failure to supply 85 per cent of sugarcane so agreed.]

(8) Where the additional price determined under sub-clause (2) or sub-clause (3), as the case may be, is paid to a sugarcane growers' co-operative society or the local sugarcane growers' association of whatever name it may be called, it shall disperse the said additional price to such of its member who has supplied not less than 85 per cent of the agreed sugarcane in performance of his agreement with it, within one month of the receipt of such additional price by it from the producer of sugar.

(9) The additional price payable but not actually paid in view of sub-clause (7) shall be added to the amount found payable for the following sugar year arrived at as per provisions of the Second Schedule.

[2][(10) In case, the additional price determined under sub-clause (2) or sub-clause (3), as the case may be, remains unpaid on account of the sugarcane grower not coming forward to claim it [3][x x x x x], it shall be deposited by the producer of sugar with the Collector of the District in which the factory is situated, within six months of the close of the sugar year. The Collector shall pay out of the amount so deposited all claims, considered payable by him and preferred before him within three years of the close of the sugar year in which the sugarcane was supplied to the factory. The amount still remaining undisbursed with the Collector, after meeting the claims of the sugarcane growers, shall be credited by him to the Consolidated Fund of the State, immediately after the expiry of the time limit of three years within which claims therefor could have been preferred by the sugarcane growers. The State Government shall as far as possible, utilise such amounts for the development of sugarcane in the State.]

[4][(11) Where any producer of sugar or his agent has defaulted in paying the whole or any part of the additional price of sugarcane within the time specified in this regard by the Central Government or an officer authorised by Central Government in this behalf or the State Government or an officer authorised by the State Government in this behalf, then such Government or officer may after making such enquiries or calling for such additional information from the producer of sugar or his agent as deems fit, or on the basis of claims of the sugarcane growers, forward to the Collector of the district in which the factory is situated a certificate specifying the amount of arrears of additional price of sugarcane due from the producer of sugar or his agent for its recovery as arrears of land revenue.

(12) The Collector on receipt of such certificate shall proceed to recover from such producer of sugar or his agent the amount specified therein as if it were arrears of land revenue.

(13) After effecting the recovery, the Collector shall intimate to the concerned growers of the sugarcane or the concerned sugarcane growers co-operative societies through a public notice to submit their claims in such a manner as he considers appropriate within thirty days:

Provided that the Collector may, for the reason to be recorded in writing allow the submission of claims after the period so specified if he is satisfied that there was sufficient cause for not submitting such claim earlier.

(14) If the amount recovered is less than the amount specified in the certificate under sub-clause (11), the Collector shall distribute the amount so recovered to the concerned growers of the sugarcane or the concerned sugarcane growers co-operatives in proportion to the ratio determined by the Collector on the basis of the sugarcane supplied by the concerned growers of sugarcane or the sugarcane growers' co-operative society as the case may be.

(15) If the amount recovered and distributed under sub-clause (14) is less than the amount specified in the certificate under sub-clause (11), the Collector shall proceed to recover the remaining amount as if it were arrears of land revenue till the full amount is recovered and distributed to satisfy the remaining claims.

(16) If the amount is given to the concerned sugarcane growers' co-operative societies, it shall distribute the amount through cheque, draft, or any other recognised banking instrument on any Scheduled Bank to the concerned sugarcane growers within ten days of the receipt of the amount from the Collector.

(17) If the concerned sugarcane grower or the concerned sugarcane growers' co-operative society do not come forward to claim or collect the amount so recovered by the Collector within three years from the date of the public notice referred to in sub-clause (13), the unclaimed amount shall be deposited by the Collector in the Consolidated Fund of the State.]

Explanation.—For purposes of this clause and the Second Schedule.—

(1) "Sugarcane grower", includes a grower of sugarcane, a sugar growers' co-operative society, or a sugarcane growers' association of whatever name it may be called and who enters into an agreement with a producer of sugar to supply sugarcane;

(2)

[1][(3) "Sugar year" means the year commencing on the 1st day of October and ending with the 30th day of September in the year next following;

(4) "Ethanol" means anhydrous ethyl alcohol of minimum 99% strength, produced directly either from sugarcane juice or B-Heavy molasses or both;

When a sugar factory manufactures ethanol directly from sugarcane juice or B-Heavy molasses, then every 600 liters of ethanol so produced directly from sugarcane juice or B-Heavy molasses shall be taken as equivalent to one ton production of sugar.]]

6. Power to regulate distribution and movement of sugarcane.—(1) The Central Government may, by order notified in the Official Gazette.—

(a) reserve any area where sugarcane is grown (hereinafter in this clause referred to as 'reserved area') for a factory having regard to the crushing capacity of the factory, the availability of sugarcane in the reserved area and the need for production of sugar, with a view to enabling the factory to purchase the quantity of sugarcane required by it;

(b)

(c)

(d) determine the quantity of sugarcane which a factory will require for crushing during any year;

(e) fix, with respect to any specified sugarcane grower or sugarcane growers generally in a reserved area, the quantity or percentage of sugarcane grown by such grower or growers, as the case may be, which each such grower by himself, or, if he is a member of a co-operative society of sugarcane growers operating in the reserved area, through such society, shall supply to the factory concerned;

(f) direct a sugarcane grower or a sugarcane growers' co-operative society, supplying sugarcane to a factory, and the factory concerned to enter into an agreement to supply or purchase, as the case may be, the quantity of sugarcane fixed under paragraph (c);

direct that no [2][x x x x x] khandsari sugar or sugar shall be manufactured from sugarcane except under and in accordance with the conditions specified in the licence issued in this behalf;

prohibit or restrict or otherwise regulate the export of sugarcane from any area (including a reserved area) except under and in accordance with a permit issued in this behalf.

(2) Every sugarcane grower, sugarcane growers' co-operative society and factory, to whom or to which an order made under paragraph (c) of sub-clause (1) applies, shall be bound to supply or purchase, as the case may be, that quantity of sugarcane covered by the agreement entered into under the paragraph and any

wilful failure on the part of the sugarcane grower, sugarcane growers' co-operative society or the factory to do so, shall constitute a breach of the provisions of this Order:

Provided that where the default committed by any sugarcane growers'co-operative society is due to any failure on the part of any sugarcane grower, being a member of such society, such society shall not be bound to make supplies of sugarcane to the factory to the extent of such default.

[1][**6-A. Restriction on setting up of two sugar factories within the radius of 15 kms.**— Notwithstanding anything contained in Clause 6, no new sugar factory shall be set up within the radius of 15 kms of any existing sugar factory or another new sugar factory in a State or two or more States:

Provided that the State Government may with the prior approval of the Central Government, where it considers necessary and expedient in public interest, notify such minimum distance higher than 15 kms or different minimum distances not less than 15 kms for different regions in their respective States.

Explanation 1.—An existing sugar factory shall mean a sugar factory in operation and shall also include a sugar factory that has taken all effective steps as specified in Explanation 4 to set up a sugar factory but excludes a sugar factory that has not carried out its crushing operations for last five sugar seasons.

Explanation 2.—A new sugar factory shall mean a sugar factory, which is not an existing sugar factory, but has filed the Industrial Entrepreneur Memorandum as prescribed by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry in the Central Government and has submitted a performance guarantee of rupees one crore to the Chief Director (Sugar), Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution for implementation of theIndustrial Entrepreneur Memorandum within the stipulated time or extended time as specified in Clause 6-C.

Explanation 3.—The minimum distance shall be determined as measured by the Survey of India.

Explanation 4.—The effective steps shall mean the following steps taken by the concerned person to implement the Industrial Entrepreneur Memorandum for setting up of sugar factory.—

(a) purchase of required land in the name of the factory;

(b) placement of firm order for purchase of plant and machinery for the factory and payment of requisite advance or opening of irrevocable letter of credit with suppliers;

(c) commencement of civil work and construction of building for the factory;

(d) sanction of requisite term loans from banks or financial institutions;

(e) any other step prescribed by the Central Government, in this regard through a notification.

6-B. Requirements for filing the Industrial Entrepreneur Memorandum.—(1) Before filing the Industrial Entrepreneur Memorandum with the Central Government, the concerned person shall obtain a certificate from the Cane Commissioner or Director (Sugar) or Specified Authority of the concerned State Government that the distance between the site where he proposes to set up sugar factory and adjacent existing sugar factories and new sugar factories is not less than the minimum distance prescribed by the Central Government or the State Government, as the case may be, and the concerned person shall file the Industrial Entrepreneur Memorandum with the Central Government within one month of issue of such certificate failing which validity of the certificate shall expire.

(2) After filing the Industrial Entrepreneur Memorandum, the concerned person shall submit a performance guarantee of rupees one crore to Chief Director (Sugar), Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution within thirty days of filing the Industrial Entrepreneur Memorandum as a surety for implementation of the Industrial Entrepreneur Memorandum within the stipulated time or extended time as specified in Clause 6-C failing which Industrial Entrepreneur Memorandum shall stand de-recognized as far as provisions of this Order are concerned.

6-C. Time limit to implement Industrial Entrepreneur Memorandum.—The stipulated time for taking effective steps shall be two years and commercial production shall commence within four years with

effect from the date of filing the Industrial Entrepreneur Memorandum with the Central Government, failing which the Industrial Entrepreneur Memorandum shall stand de-recognized as far as provisions of this Order are concerned and the performance guarantee shall be forfeited:

Provided that the Chief Director (Sugar), Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution on the recommendation of the concerned State Government, may give extension of one year not exceeding six months at a time, the implementing the Industrial Entrepreneur Memorandum and commencement of commercial production thereof.

6-D. Consequences of non-implementation of the provisions laid down in Clauses 6-B and 6-C.— If an Industrial Entrepreneur Memorandum remains unimplemented within the time specified in Clause 6-C, the performance guarantee furnished for its implementation shall be forfeited after giving the concerned person a reasonable opportunity of being heard.

6-E. Application of Clauses 6-B, 6-C and 6-D to the person whose Industrial Entrepreneur Memorandum has already been acknowledged.—(1) Except the period specified in sub-clause (2) of Clause 6-B of this Order, the other provisions specified in Clauses 6-B, 6-C and 6-D shall also be applicable to the person whose Industrial Entrepreneur Memorandum has already been acknowledged as on date of this notification but who has not taken effective steps as specified in Explanation 4 to the Clause 6-A.

(2) The person whose Industrial Entrepreneur Memorandum has already been acknowledged as on date of this notification but who has not taken effective steps as specified in Explanation 4 to the Clause 6-A shall furnish a performance guarantee of rupees one crore to the Chief Director (Sugar), Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution within a period of six months of issue of this notification failing which the Industrial

Entrepreneur Memorandum of the concerned person shall stand de-recognized as far as provisions of this Order are concerned.]

7. Power to license power crushers, khandsari units and crushers and to regulate the purchase of sugarcane.—The Central Government may, by order.—

[1][(a) direct that a crusher not belonging to a grower or a body of growers of sugarcane, or a

(b) power crusher or a khandsari unit shall not be worked except under and in accordance with a licence issued by the Central Government in that behalf;]

direct that in a reserved area.—

(i) no sugarcane shall be purchased for crushing by a power crusher;

[2][(ii) no sugarcane or sugarcane juice shall be purchased for crushing or for manufacture of gur, shakkar, gul, jaggery, rab or khandsari sugar, as the case may be, by a crusher not belonging to a grower or a body of growers of sugarcane or by a khandsari unit in the area;]

except under and in accordance with a permit issued by the Central Government in that behalf:

Provided that where such a permit is issued.—

(i) the Central Government may direct the permit-holder to purchase sugarcane or sugarcane juice only through a co-operative society of sugarcane growers, where such a society exists, and to pay commission to the society on the sugarcane or sugarcane juice purchased through it at such rate as may be fixed by the Central Government;

(ii) the permit-holder shall not crush sugarcane or purchase sugarcane juice in excess of the quantity specified by the Central Government in the permit and shall work the power crusher, khandsari unit or the crusher, as the case may be, only during such period or such hours as may be so specified;

direct the owner or other person in-charge of a crusher not belonging to a grower or a body of growers of sugarcane, or a power crusher or a khandsari unit in a reserved area to shift it to such place outside the reserved area as may be specified by the Central Government for the purpose:]

Provided that the factory, for which the area is reserved, undertakes to pay the cost of shifting, as determined by the Central Government, within suchtime as may be fixed by that Government on the basis of agreement between the parties in this behalf, or in the event of there being no such agreement, on a fair and reasonable basis, after affording both parties an opportunity to make representations in writing as to the cost involved and the basis of calculation thereof;

(d) direct any person engaged in the production, manufacture, supply or distribution of, or trade and commerce in sugarcane, sugarcane juice, sugar, [1][x x x], shakkar, [2][x x x], jaggery, rab or khandsari sugar, to maintain and produce for inspection such books, accounts and records relating to their business and to furnish such information relating thereto as may be specified in the order;

(e) provide for the grant or issue of licences or permits, the charging of fees therefor, the deposit of such sum, if any, as may be specified in the order as security for the due performance of the conditions of any such licence or permit, the forfeiture of the sum so deposited or any part thereof for contravention of any such conditions and the adjudication of such forfeiture by such authority as may be specified in the order;

(f) provide for any incidental or supplementary matters for which the Central Government thinks it expedient for the purposes of the order to provide, including, in particular, the entry into, search and inspection of premises, places or vehicles, seizure by a person authorised to make such search of any crusher, power crusher or khandsari unit in respect of which such person has reason to believe that a contravention of the order has been, is being, or is likely to be, committed and the rendering of such equipment inoperative by sealing or otherwise.

8. Power to issue directions to producers of khandsari sugar, power crushers, khandsari units, crushers and co-operative societies.—The Central Government may, from time to time, by general or special order, issue directions to any producer of khandsari sugar or owner of a power crusher, khandsari unit or [3][crusher] or the agent of such producer or owner or a co-operative society, regarding the purchase of sugarcane or sugarcane juice, production, maintenance of stocks, storage, price, packing, payment, disposal, delivery and distribution of sugarcane, [4][x x x] and rab or khandsari sugar or the period or hours to be worked.

9. Power to call for information, etc. —The Central Government or any person authorised in this behalf by the Central Government, may, with a view to securing compliance with this Order or to satisfy itself or himself that this Order is complied with.—

[1][(a) direct any producer of sugar to supply, within such period as may be specified, such

[2][(aa) information, returns or reports, as may be required relating to the recovery of sugar, duration of season, cost of manufacture, stocks of sugar, price realised or to be realised for sugar, molasses, press-mud and bagasse, amount realised or to be realised by way of refund of or exemption from excise duty or cane cess or purchase tax or by way of grant or subsidy given by the Central Government or a State Government, commission to co-operative societies paid or to be paid, amounts spent on approved schemes of sugarcane development, commission paid on sale of sugar, export loss, amounts spent on rehabilitation or amount transferred as reserve to a special rehabilitation account, or any other information that may be required for the purpose of this Order;]

direct any producer of sugar or his agent to maintain and furnish within seven days of the close of each fortnight to the Central Government or any officer authorised in this

behalf by that Government details of cane purchases, cane price due, cane price paid, cane price arrears for each fortnight as specified in the Third Schedule to this Order;]

[3][(b) direct any owner or operator of a crusher not belonging to a grower or a body of growers of sugarcane, or a power crusher, or a khandsari unit to supply, within such period as may be specified, such information, returns or reports, as may be required, relating to purchase of sugarcane or sugarcane juice, production, maintenance of stocks, storage, sale, price, grade, packing, marking, payment, disposal, delivery and distribution of [4][x x x] rab or khandsari sugar or the period or hours worked or the like;]

(c) direct a co-operative society to supply, within such period as may be specified, such information, returns or reports, as may be required relating to sale of sugarcane or sugarcane juice to a producer of sugar or power crusher, a khandsari unit or a crusher not belonging to a grower or body of growers of sugarcane, price at which sold and commission received, or the like;

[5][(d) inspect or direct or authorise any person to inspect any accounts, books, registers or other documents belonging to or under the control of a producer of sugar or his agent or under the control of the owner, or the agent of such owner, of a crusher not belonging to a grower or a body of growers of sugarcane, or a power crusher, or a khandsari unit or a co-operative society relating to any of the matters specified in sub-clause (a), (b) or (c).]

[1][**9-A. Power of entry, search and seizure.**—(1) Central Government or the State Government, as the case may be, may authorise [2][any officer not lower than the rank of a Police Inspector or Tahsildar or an officer of an equivalent rank] to enter and search any premises where any accounts, books, registers or other documents belonging to, or under the control of a producer of sugar or his agent, or an owner of a crusher, a power crusher or a khandsari unit or an agent of such an owner, are maintained or kept for safe custody:

Provided that this clause shall not apply to accounts, books, registers or other documents relating to a crusher owned by a grower or a body of growers of sugarcane.

(2) Such person may seize any such accounts, books, registers or other documents if he has reason to believe that a contravention of this Order hasbeen, or is being, or is about to be, committed.

(3) The provisions of the Code of Criminal Procedure, 1973 (2 of 1974), relating to searches and seizure shall, so far as may be, apply to searches and seizures made under this clause.]

10. Every procedure of sugar, producer of khandsari sugar, his agent or factory, every sugarcane grower or other person or a co-operative society to whom or to which any order or direction is issued under any of the powers conferred by or under this Order shall comply with such order or direction.

11. Delegation of powers.—[3][(1)] The Central Government may, by notification in the Official Gazette, direct that all or any of the powers conferred upon it by this Order shall, subject to such restrictions, exceptions and conditions, if any, as may be specified in the direction, be exercisable also by.—

(a) any officer or authority of the Central Government;

(b) a State Government or any officer or authority of a State Government.

[4][(2) Where all or any of the powers conferred upon the Central Government by this Order have been delegated in pursuance of sub-clause (1)(b) to any officer or any authority of a State Government, every order or direction issued by such officer or authority in exercise of that power may be amended, varied or rescinded by the State Government to whom the officer or authority is subordinate either suo motu, or on application made within a period of thirty days from the date of the order or direction:

Provided that no order revoking a licence or a permit issued to a person shall be made without giving such person an opportunity to make representation.]

12. Repeal and saving.—(1) The Sugarcane (Control) Order, 1955 and any order made thereunder regulating or prohibiting the production, supply and distribution of sugarcane and trade or commerce

therein are hereby repealed, except as respect things done or omitted to be done under any such order before the commencement of this Order.

(2) Notwithstanding such repeal, an order made by any authority which is in force immediately before the commencement of this Order and which is consistent with this Order shall continue in force and all appointments made, prices fixed, licences and permits granted, and directions issued under any such order and in force immediately before such commencement shall likewise continue in force and be deemed to be made, fixed, granted or issued in pursuance of this Order.

[1][FIRST SCHEDULE]
[See Clause 5(1)]

The amount to be paid on account of additional price (per maund or quintal of sugarcane) under Clause 5 by a producer of sugar shall be computed in accordance with the following formula, namely:—

$$\frac{X}{100} \times \frac{(P-T-S-R)}{M} = Y$$

Explanation.—In this formula—

(1) 'X' is the percentage cost of sugarcane to the total cost of sugar (excluding taxes) as determined by the Central Government from time to time on the basis of the recovery and duration of season of the factory for the year:

Provided that the cost of sugar (excluding taxes) shall be worked out on the basis of the relevant schedule of costs given in the report of the Tariff Commission (1959) on the Cost Structure of Sugar and Fair Price payable to the Sugar Industry, subject to the adjustment of such rise in cost subsequent to the Tariff Commission enquiry in 1959 as in the opinion of the Central Government cannot be absorbed by the margin for contingency included in the relevant schedule and the consequent rise in return.

(2) 'P' is the sum of (i) the average ex-factory price (per maund or quintal) realized by a producer of sugar and adjusted to ISS Grade D-29 according to the price defferentials fixed by Government, (ii) the money realized by the producer of sugar from the sale of molasses, press-mud and bagasse, in relation to each maund or quintal of sugar, and (iii) any amount realized by the producer of sugar by way of refund or exemption of excise duty or cane cess or cane purchase tax, or by way of grant of subsidy given by the Central Government or a State Government in relation to each maund or quintal of sugar:

Provided that out of the rebate of excise duty granted to a producer of sugar by virtue of the notification of the Government of India in the Ministry of Finance Nos. GSR 706, dated the 25th June, 1960 and GSR 664, dated the 4th May, 1961, only 75 per cent of such rebate shall be included.

(3) 'T' is the amount paid in relation to each maund or quintal of sugar on account of excise duty, cane cess, cane purchase tax, commission paid to co-operative societies or cess imposed on sugar or sugarcane by the Central Government or a State Government or by any authority and any sum spent on approved schemes of sugarcane development.

(4) 'S' is the actual amount of commission paid in relation to each maund or quintal of Sugar:

Provided that such amount shall not exceed seventy-five naye paise for every sum of rupees one hundred of sugar sold:

Provided further that no commission shall be taken into account in respect of sugar sold directly by a producer of sugar or in pursuance of any order of the Central Government.

(5) 'R' is such allowance per maund or quintal of sugar for the factory as may be deemed reasonable by the Central Government, having regard to the amount actually spent by the factory on rehabilitation during the year and the amount transferred as reserve to a special rehabilitation account during the year.

(6) 'M' is the weight in maunds or quintals of sugarcane required to produce a maund or quintal of sugar and such weight shall be calculated by dividing the total weight of the sugarcane purchased by the weight of the sugar produced therefrom and for this purpose, the weight of sugarcane purchased shall be the sum of the total weight of sugarcane crushed plus actual driage, subject to a ceiling of one per cent on the weight of sugarcane purchased at centres other than the factory gate.

(7) 'Y' is the total sum of (i) the minimum price of sugarcane per maund or quintal fixed by the Central Government under sub-clause (1) of Clause 3 of the Sugarcane (Control) Order, 1955, (ii) any extra price paid by the producer for sugarcane in addition to the aforesaid minimum price, and (iii) the premium, if any, paid for any approved variety of sugarcane or under any scheme approved by the Central Government for payment of price of sugarcane on the basis of quality:

Provided that rebates, if any, allowed in the minimum price aforesaid (excluding a rebate allowed on account of transport charges) shall be deducted from the total sum aforesaid.

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[1][SECOND SCHEDULE
[See Clause 5-A]]

The amount to be paid on account of additional price (per quintal of sugarcane) under Clause 5-A by a producer of sugar shall be computed in accordance with the following formula, namely—

$$X = \frac{R - L \pm A - B}{2C}$$

Explanation.— In this formula—

(1) 'X' is the additional price in rupees per quintal of sugarcane payable by the producer of sugar to the sugarcane grower.

[2][(2) 'R' is the amount in rupees of sugar produced during the sugar year excluding the excise duty paid or payable to the factory by the purchaser.

(3) 'L' is the value in rupees of sugar produced during the sugar year, as calculated on the basis of the unit cost per quintal ex-factory, exclusive of excise duty, determined with reference to the minimum sugarcane price fixed under Clause 3, the final working results of the year and the Cost Schedule and return recommended by the [3][such authority as the Central Government may specify] from time to time.]

(4) 'A' is the amount found payable for the previous year but not actually paid [vide sub-clause (9)].

(5) 'B' is the excess or shortfall in realisations from actual sales of the unsold stocks of sugar produced during the sugar year, as on 30th day of September [vide item 7(ii) below] which is carried forward and adjusted in the sale realisations of the following year.

(6) 'C' is the quantity in quintals of sugarcane purchased by the producer of sugar during the sugar year.

[4][(7) The amount 'R' referred to in Explanation 2 shall be computed as under, namely—

(i) the actual amount realised during the sugar year; and

(ii) the estimated value of the unsold stocks of sugar held at the end of 30th September, calculated in regard to free sugar stocks at the average rate of sales namely during the fortnight 16th to 30th September and in regard to levy sugar stocks at the notified levy prices as on the 30th September.]

Explanation.—In this Schedule "Sugar" means any form of sugar containing more than ninety per cent sucrose.]

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[1][THIRD SCHEDULE
[See Clause 9(aa)]]

Cane Price Arrears:

Name of the Producer of sugar or his agent

Plant Short Name

Plant Code No.

Sugar Season

Fortnight ending Date:

Particulars	Fortnight Gate/Own Estate/Out Station	To date Gate/Own Estate/Out Station	Total
1. Quantity of Cane purchased (in quintals)			
(a) Sugar rich variety			
(b) Other varieties			
(c) Total			
2. Rate at which cane is purchased (in rupees per quintal) during the month	Sugar rich varieties	Ordinary varieties	
(a) at the gate			
(b) at the purchase centre			
3. (i) Cane price due (inlakh Rs.)			
(a) Sugar rich variety			
(b) Other varieties			
(c) Total			
(ii) Interest due at the rate of 15%per annum on delay in payment beyond 14 days of delivery of sugarcane (in Rs.)			

Particulars	Fortnight Gate/Own Estate/Out Station	To date Gate/Own Estate/Out Station	Total
4. (i) Cane price paid (in lakh Rs.)			
(a) Sugar rich variety			
(b) Other varieties			
(c) Total			
(ii) Interest paid out of the amount specified in 3(ii) (in Rs.)			
5. (i) Arrears (in lakh Rs.)			
(a) Sugar rich variety			
(b) Other varieties			
(c) Total			
(ii) Interest arrears (in Rs.)			
6. Reasons for delay in payment			
7. Arrears of cane price for previous season			
8. Arrears of cane price for earlier seasons: (excluding current and previous season) (in lakh Rs.)			

Date:
Place:

(To be signed by Producer of sugar Or his agent or authorised signatory).]