



**KARNATAKA LEGISLATIVE ASSEMBLY  
FOURTEENTH LEGISLATIVE ASSEMBLY  
FOURTH SESSION**

**THE KARNATAKA SUGARCANE (REGULATION OF PURCHASE AND  
SUPPLY) (AMENDMENT) BILL, 2014**

**(L.A. Bill No. 44 of 2014)**

A Bill to amend the Karnataka Sugarcane (Regulation of Purchase and Supply) Act, 2013.

Whereas it is expedient to amend the Karnataka Sugarcane (Regulation of Purchase and Supply) Act, 2013 (Karnataka Act 33 of 2013) for the purposes hereinafter appearing;

Be enacted by the Karnataka State Legislature in the Sixty-fifth year of the Republic of India as follows:-

**1. Short title and commencement:-** (1) This Act may be called the Karnataka Sugarcane (Regulation of Purchase and supply) (Amendment) Act, 2014.

(2) It shall come into force at once.

**2. Amendment of section 2.-** In the Karnataka Sugarcane (Regulation of Purchase and Supply) Act, 2013 (Karnataka Act 33 of 2013) (hereinafter referred to as the principal Act) in section 2,-

(i) clause (a) shall be renumbered as clause (aa) and before clause (aa) as so renumbered the following shall be inserted, namely:-

"(a) "additional sugarcane price" means the additional price to be paid by the occupier of the factory to the sugarcane grower for the sugarcane delivered at the gate of the factory over and above Fair and Remunerative Price, declared by the Commissioner for cane development and Director of sugar under section 4A, based on the decision of the Board."

(ii) after clause (e), the following shall be inserted, namely:-

"(ea) "Fair and Remunerative Price of Sugarcane (FRP)" means price fixed by the Central Government under clause 3 of Sugarcane (Control) Order, 1966 for the year for sugarcane delivered at the gate of the factory;"

(iii) for clause (n), the following shall be substituted, namely:-

"(n) "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. Amendment of section 3.-** In section 3 of the principal Act,-

(i) for sub-section (2), the following shall be substituted, namely:-

"(2) The board shall consist of the following members, namely:-

- (a) The Minister in charge of Sugar - Chairman
- (b) The Minister in charge of Agriculture - Member
- (c) The Minister in charge of Co-operation - Member
- (d) The Secretary to Government Finance - Member  
Department
- (e) The Secretary to Government, Commerce - Member  
and Industry Department
- (f) The Agricultural Commissioner - Member
- (g) The controller, Legal Metrology - Member
- (h) Not more than five representatives (minimum of one from each revenue division namely, Belgaum, Gulbarga, Mysore and Bangalore) nominated by the State Government from any sugarcane growers nominated by the State Government.
- (i) Not more than five Sugar factory - Member  
occupiers representatives (minimum of one each from each revenue division namely, Belgaum, Gulbarga, Mysore and Bangalore and of whom atleast two shall represent Co-operative Sugar factories) nominated by the State Government from working Sugar mills.
- (j) The Director, S.Nijalingappa Sugar - Member  
Institute, Belgaum
- (k) One Agricultural Economist in the cadre - Member  
of Professor from UAS-Dharwad or Bangalore nominated by the State Government
- (l) The Commissioner for Cane - Member  
Development and Director of Sugar. Secretary

(ii) after sub-section (2), the following shall be inserted, namely:-

"(2A) The Board may invite special invitees as it deems necessary to obtain their views."

(iii) in sub-section (8), for the words "commencing before starting of the crushing season, after closure of crushing season and at the end of the sugar season", the words "once in four months starting from commencement of the year" shall be substituted;

(iv) after sub-section (10), the following shall be inserted, namely:-

"(11) Travelling allowance, Daily allowance and sitting fees payable to non-official members of the Sugarcane Control Board shall be at rates as may prescribed.

(12) The funds required for the functioning of the board shall be provided in the Budget by the Government while allocating the funds to the office of the Commissioner for Cane Development and Director of Sugar, Bangalore."

**4. Amendment of section 4.-** In section 4 of the principal Act, for clause (f), the following shall be substituted, namely:-

- "(f) to decide additional sugarcane price over and above Fair and Remunerative Price for the year on revenue sharing basis;
- (g) to inquire into any matter in discharge of its functions including matter relating to revenues and expenditures, Books of accounts of the factory etc., under section 4B, required, if any;
- (h) to consider the report of the expert committee constituted under section 4C on the revenue realisation for determination of additional sugarcane price; and
- (i) to perform such other functions as may be prescribed".

**5. Insertion of new sections 4A, 4B, 4C and 4D.-** After section 4 of the principal Act, the following shall be inserted, namely:-

**"4A. Declaration of Additional Sugarcane Price of Sugarcane.-** (1) The Commissioner for Cane Development and Director of sugar on the decision of the Board may, by notification, declare the additional sugarcane price over and above Fair and Remunerative Price of Sugarcane for the year.

(2) Every Order issued under sub-section (1) shall be laid before both Houses of State Legislature.

**4B. Board to have certain powers of civil court.-** The Board shall while inquiring into the matters in discharge of its functions under this Act, have all the powers of a civil court while trying a civil suit under the Civil Procedure Code, 1908, and in particular in respect of the following matters, namely:-

- (a) summoning and enforcing the attendance of any person from the State and examining him on oath;
- (b) requiring the discovery and production of any document;
- (c) receiving evidence on affidavits;
- (d) requisitioning any public record or copy thereof from any Court of office;
- (e) issuing commissions for the examinations of documents and witnesses;
- (f) any other matter which may be prescribed.

**4C. Committee for calculation of Revenue realisation.**- (1) For ascertaining revenue realisation in a sugar factory and to advice Board on determination of additional sugar cane price the Government shall constitute an expert committee comprising of,-

- (a) The Commissioner for Cane Development and Director of Sugar - Chairman
- (b) The Director, S.Nijalingappa Sugar Institute, Belgaum - Member
- (c) One Agricultural Economist in the cadre of Professor from UAS-Dharwad or Bangalore nominated by the State Government - Member
- (d) One Sugar-Agronomist in the cadre of Professor from UAS-Dharwad or Bangalore nominated by the State Government - Member
- (e) One Technologist from S.Nijalingappa Sugar Institute, Belgaum or Bharat Ratna Sir. M.Visvesvaraiah Sugarcane Research Institute, Mandya nominated by the State Government. - Member
- (f) Head Quarter Assistant (HQA) office of Commissioner for Cane Development and Director of Sugar. - Member Secretary

(2) Subject to pleasure of the Government the term of the nominated members of the committee shall be two years.

(3) The Expert Committee shall have the power to inspect sugar factory for ascertaining the realisation of revenue in each sugar factory after the publication of factory wise recovery at the end of the year by the

Commissioner for Cane Development and Director of Sugar and submit report to the Board within fifteen days. The Board on considering the report and after collecting such other information, as it may deem necessary, decide the additional sugarcane price.

**4D. Factors to be taken into consideration by the Board for deciding additional Sugarcane Price.**- The Board while deciding the additional Sugarcane price shall take following factors into consideration, namely:-

(1) The recorded weight of the sugarcane delivered at the factory gate, actual revenue realized from sugarcane crushed and production of sugar and its by-products namely bagasse, molasses, press-mud; and sugarcane juice directly utilised for production of any other produce;

**Explanation.**- For the purpose of this clause, revenue realised from sugarcane crushed during the year shall include actual production of sugar and its by-products viz., bagasse, molasses, press-mud; and sugarcane juice directly utilised for production of any other produce, if any, which are suitably valued considering the sales, opening and the closing stock though they may not have been sold.

(2) The report of the expert committee constituted under section 4C on the revenue realisation for determination of additional sugarcane price.  
 (3) Such other factors as may be prescribed."

**6. Substitution of section 7.**- For section 7 of the principal Act, the following shall be substituted, namely:-

**"7. Purchase of Sugarcane from the reserved area.**- Purchase of Sugarcane by the sugar factories from the reserved area shall be regulated as per the Sugarcane (Control) Order, 1966 as amended from time to time.

**7. Amendment of section 8.**- In section 8 of the principal Act,-

(a) for sub-section (1), the following shall be substituted, namely:-

"(1) All dealings and contracts in connection with the purchase and supply of sugarcane on the basis of recorded weight of sugarcane at the factory on the exgate basis shall be made according to the metric system weights and measures digitized and automatic readers shall be displayed in the cane yards of sugar factories".

(b) for sub-section (2), the following shall be substituted, namely:-

"(2) "No inaccurate, unauthorised, uncertified scales or weights or mechanical weighing instruments shall be used, kept or possessed by or on behalf of the occupier of the factory which do not permit an easy reading of

the recorded weight by the vendors of sugarcane, which are not according to the metric system of weights and multiples and sub-multiples thereof to the nearest 1/20<sup>th</sup> of a quintal:

Provided that a margin of error upto five kilograms or one percent, whichever is less, in weighment cannot be considered.

Provided further that a weigh bridge shall not be deemed to be incorrect which weighs within one percent of the correct weight and further cannot be adjusted more correctly."

**8. Amendment of section 9.**- In section 9 of the principal Act, for sub-section (1), the following shall be substituted, namely:-

"(1) The payment to the sugarcane growers shall be in two stages. In the first stage immediately, on supply of sugarcane, the sugarcane grower shall be paid the Fair and Remunerative Price based on the previous year's recovery of the concerned factory by the occupier of the factory. All other conditions for sugarcane payment shall be as per the provisions of clause 3 of Sugarcane (Control) Order, 1966.

(1A) In the second stage, the occupier of the factory shall make the payment of additional sugarcane price within fourteen days from the date of declaration under section 4A.

(1B) Every payment made by the occupier of the factory under this Act shall be paid to sugarcane growers through his bank account only.

(1C) The provisions of the Sugarcane (Control) Order, 1966 to recover the dues with respect to Fair and remunerative price shall mutatis-mutandis be applicable for recovery of arrears of additional sugarcane price also."

## **STATEMENT OF OBJECTS AND REASONS**

It is considered necessary to amend the Karnataka Sugarcane (Regulation of purchase and Supply) Act, 2013 to provide for,-

- (a) the definitions of the terms,-
  - (i) additional sugarcane price;
  - (ii) fair and remunerative price; and
  - (iii) year.
- (b) reconstitution of the sugarcane control Board to give equal representation of Sugarcane growers and sugar factory owners representing all Revenue divisions of the State;
- (c) empowerment of the Sugarcane Control Board with powers of Civil Court to inquire into the matters in discharge of their functions like summoning of persons, documents, etc.,
- (d) declaration of additional sugarcane price by the Commissioner for Cane development and Director of Sugar on the decision of the Sugarcane control Board;
- (e) Constitution of an expert committee for calculation of actual realization in sugar factory and to advise the Board;
- (f) taking into consideration the local factors like actual recovery of sugarcane, realization of sugar and its by-products like bagasse, pressmud and molasses and ethanol or other productions directly produced from sugarcane juice without producing Sugar for deciding additional sugarcane price;
- (g) payment of sugarcane price in two stages, namely:-
  - (i) at first stage on supply of sugarcane for payment of Fair and Remunerative Price based on previous years recovery; and
  - (ii) at second stage payment of additional price of Sugarcane on revenue sharing basis determined on the actual realization in a sugar factory;
- (h) recovery of arrears of additional sugarcane price as arrears of Land Revenue; and
- (i) certain other consequential amendments are also made.

Hence the Bill.

**FINANCIAL MEMORANDUM**

There will be an approximate expenditure of rupees 30 lakhs per annum by the proposed amendment towards payment of Travelling Allowance, Daily Allowance and miscellaneous expenses.

**MEMORANDUM REGARDING DELEGATED LEGISLATION**

<b>Clause 3:</b>	sub-section (11) of section 3 sought to be inserted by sub-clause(iv), empowers the State Government to make rules regarding the travelling allowance, daily allowance and sitting fees payable to the non-official members of the sugarcane control board.
<b>Clause 4:</b>	Clause (i) of section 4 sought to be substituted empowers the State Government to make rules regarding the other functions to be performed by the Board.
<b>Clause 5:</b>	(i) clause (f) of section 4B sought to be inserted empowers the State Government to make rules regarding any other matter to be discharged by the board. (ii) sub-section (3) of section 4D sought to be inserted empowers the State Government to make rules regarding the other factors to be considered by the board while deciding additional sugarcane price.

The proposed delegation of legislative power is normal in character.

**H.S. MAHADEV PRASAD**  
Minister for Co-operation and Sugar

**P. OMPRAKASHA**  
Secretary  
Karnataka Legislative Assembly

**ANNEXURE**

**THE EXTRACT FROM THE KARNATAKA SUGARCANE  
(REGULATION OF PURCHASE AND SUPPLY) ACT, 2013  
(KARNATAKA ACT 33 OF 2013)**

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**2. Definitions.**- (1) In this Act, unless there is anything repugnant in the subject or context,-

(a) “Board” means the Sugarcane Control Board constituted under section 3;

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(n) “Sugar season” means the year commencing on the first day of the October and ending with thirtieth day of September next Year.

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**3. Sugarcane Control Board.**- **xx** **xx** **xx**

(2) The board shall consist of the following members, namely:-

(a)	The Minister in charge of Sugar	-----	Chairman
(b)	The Minister in charge of Agriculture	-----	Co- Chairman
(c)	Secretary-II, Finance Department (Expenditure) or his nominee not below the rank of Deputy Secretary	-----	Member
(d)	Secretary to Government, Commerce and Industry Department	-----	Member
(e)	Agricultural Commissioner	-----	Member
(f)	not more than five farmers representatives nominated by the State Government from any sugarcane growers	-----	Members
(g)	not more than five members nominated by the State Government from among the persons running Sugar Factories	-----	Members
(h)	Commissioner for Cane Development and Director of Sugar	-----	Member Secretary

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(8) The Board shall meet at least thrice in a year commencing before starting of the crushing season, after closure of the crushing season and at the end of the sugar season. The Member Secretary of the Board may subject to the control of the Chairman thereof convene meetings as often as may be necessary and shall do so when required by one-third of the members.

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**4. Functions of the Board.- xx**

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(f) to decide sugarcane price on revenue sharing basis taking into consideration actual revenue realised from sugar, bagasse, molasses and press-mud.

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**7. Purchase of sugarcane in reserved area.-** (1) A sugarcane-grower in reserved area may sell sugarcane grown to the occupier of the factory to which the area is so reserved.

(2) The factory shall enter into an agreement with a cane-grower in such form, by such date on such terms and conditions as specified in clause 6 of the Sugarcane (Control) Order, 1966 for the purpose of purchasing the sugarcane offered in accordance with sub-section(1).

(3) No person other than the factory aforementioned shall purchase or enter into an agreement to purchase sugarcane grown by the sugarcane grower except in accordance with agreement under sub-section (2).

**8. Weighment.-** (1) All dealings and contracts in connection with the purchase and supply of sugarcane shall be made according to the metric system of weights and multiples or sub-multiples thereof, and all weighments shall be made by means of weigh-bridge or scale and recorded correctly to the nearest 1/20th of quintal.

(2) No scales or weights shall be used, kept or possessed by or on behalf of the occupier of the factory which are inaccurate or which do not permit an easy reading of the recorded weight by the vendors of sugarcane which are not according to the metric system of weights and multiples and sub-multiples thereof to the nearest 1/20th of a quintal:

Provided that a margin of error up to five kilograms or one percent, whichever is less, in weighment cannot be considered:

Provided further that a weigh-bridge shall not be deemed to be incorrect which weighs within one per cent of the correct weight and cannot be adjusted more correctly

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**9. Payment to sugarcane growers.**- (1) As soon as sugarcane is supplied to the occupier of a factory, the factory shall be liable to pay the price of sugarcane supplied within fourteen days to the sugarcane growers.

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**KARNATAKA LEGISLATIVE ASSEMBLY**

**FOURTEENTH ASSEMBLY**

**FOURTH SESSION**

**THE KARNATAKA SUGARCANE (REGULATION OF PURCHASE AND SUPPLY) (AMENDMENT) BILL, 2014**

**(L.A. Bill No. 44 of 2014)**

**(As passed by the Karnataka Legislative Assembly and as passed by Legislative Council with Amendments and for re-consideration)**

A Bill to amend the Karnataka Sugarcane (Regulation of Purchase and Supply) Act, 2013.

Whereas it is expedient to amend the Karnataka Sugarcane (Regulation of Purchase and Supply) Act, 2013 (Karnataka Act 33 of 2013) for the purposes hereinafter appearing;

Be enacted by the Karnataka State Legislature in the Sixty-fifth year of the Republic of India as follows:-

**1. Short title and commencement:-** (1) This Act may be called the Karnataka Sugarcane (Regulation of Purchase and supply) (Amendment) Act, 2014.

(2) It shall come into force at once.

**2. Amendment of section 2.-** In the Karnataka Sugarcane (Regulation of Purchase and Supply) Act, 2013 (Karnataka Act 33 of 2013) (hereinafter referred to as the principal Act) in section 2,-

(i) clause (a) shall be renumbered as clause (aa) and before clause (aa) as so renumbered the following shall be inserted, namely:-

"(a) "additional sugarcane price" means the additional price to be paid by the occupier of the factory to the sugarcane grower for the sugarcane delivered over and above Fair and Remunerative Price, declared by the Commissioner for cane development and Director of sugar under section 4A, based on the decision of the Board."

(ii) after clause (e), the following shall be inserted, namely:-

"(ea) "Fair and Remunerative Price of Sugarcane (FRP)" means price fixed by the Central Government under clause 3 of Sugarcane (Control) Order, 1966 for the year for sugarcane delivered;"

(iii) for clause (n), the following shall be substituted, namely:-

"(n) "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. Amendment of section 3.-** In section 3 of the principal Act,-

(i) for sub-section (2), the following shall be substituted, namely:-

"(2) The board shall consist of the following members, namely:-

- (a) The Minister in charge of Sugar - Chairman
- (b) The Minister in charge of Agriculture - Member
- (c) The Minister in charge of Co-operation - Member
- (d) The Secretary to Government Finance - Member  
Department
- (e) The Secretary to Government, Commerce - Member  
and Industry Department
- (f) The Agricultural Commissioner - Member
- (g) The controller, Legal Metrology - Member
- (h) Not more than five representatives (minimum of one from each revenue division namely, Belgaum, Gulbarga, Mysore and Bangalore) nominated by the State Government from any sugarcane growers nominated by the State Government.
- (i) Not more than five Sugar factory - Member  
occupiers representatives (minimum of one each from each revenue division namely, Belgaum, Gulbarga, Mysore and Bangalore and of whom atleast two shall represent Co-operative Sugar factories) nominated by the State Government from working Sugar mills.
- (j) The Director, S.Nijalingappa Sugar - Member  
Institute, Belgaum
- (k) One Agricultural Economist in the cadre - Member  
of Professor from UAS-Dharwad or Bangalore nominated by the State Government
- (l) The Commissioner for Cane - Member  
Development and Director of Sugar. Secretary

(ii) after sub-section (2), the following shall be inserted, namely:-

"(2A) The Board may invite special invitees as it deems necessary to obtain their views."

(iii) in sub-section (8), for the words "commencing before starting of the crushing season, after closure of crushing season and at the end of the sugar season", the words "once in four months starting from commencement of the year" shall be substituted;

(iv) after sub-section (10), the following shall be inserted, namely:-

"(11) Travelling allowance, Daily allowance and sitting fees payable to non-official members of the Sugarcane Control Board shall be at rates as may prescribed.

(12) The funds required for the functioning of the board shall be provided in the Budget by the Government while allocating the funds to the office of the Commissioner for Cane Development and Director of Sugar, Bangalore."

**4. Amendment of section 4.-** In section 4 of the principal Act, for clause (f), the following shall be substituted, namely:-

- "(f) to decide additional sugarcane price over and above Fair and Remunerative Price for the year on revenue sharing basis;
- (g) to inquire into any matter in discharge of its functions including matter relating to revenues and expenditures, Books of accounts of the factory etc., under section 4B, required, if any;
- (h) to consider the report of the expert committee constituted under section 4C on the revenue realisation for determination of additional sugarcane price; and
- (i) to perform such other functions as may be prescribed".

**5. Insertion of new sections 4A, 4B, 4C and 4D.-** After section 4 of the principal Act, the following shall be inserted, namely:-

**"4A. Declaration of Additional Sugarcane Price of Sugarcane.-** (1) The Commissioner for Cane Development and Director of sugar on the decision of the Board may, by notification, declare the additional sugarcane price over and above Fair and Remunerative Price of Sugarcane for the year.

(2) Every Order issued under sub-section (1) shall be laid before both Houses of State Legislature.

**4B. Board to have certain powers of civil court.-** The Board shall while inquiring into the matters in discharge of its functions under this Act, have all the powers of a civil court while trying a civil suit under the Civil Procedure Code, 1908, and in particular in respect of the following matters, namely:-

- (a) summoning and enforcing the attendance of any person from the State and examining him on oath;
- (b) requiring the discovery and production of any document;
- (c) receiving evidence on affidavits;
- (d) requisitioning any public record or copy thereof from any Court of office;
- (e) issuing commissions for the examinations of documents and witnesses;
- (f) any other matter which may be prescribed.

**4C. Committee for calculation of Revenue realisation.**- (1) For ascertaining revenue realisation in a sugar factory and to advice Board on determination of additional sugar cane price the Government shall constitute an expert committee comprising of,-

- (a) The Commissioner for Cane Development and Director of Sugar - Chairman
- (b) The Director, S.Nijalingappa Sugar Institute, Belgaum - Member
- (c) One Agricultural Economist in the cadre of Professor from UAS-Dharwad or Bangalore nominated by the State Government - Member
- (d) One Sugar-Agronomist in the cadre of Professor from UAS-Dharwad or Bangalore nominated by the State Government - Member
- (e) One Technologist from S.Nijalingappa Sugar Institute, Belgaum or Bharat Ratna Sir. M.Visvesvaraiah Sugarcane Research Institute, Mandya nominated by the State Government. - Member
- (f) Head Quarter Assistant (HQA) office of Commissioner for Cane Development and Director of Sugar. - Member Secretary

(2) Subject to pleasure of the Government the term of the nominated members of the committee shall be two years.

(3) The Expert Committee shall have the power to inspect sugar factory for ascertaining the realisation of revenue in each sugar factory after the publication of factory wise recovery at the end of the crushing season by

the Commissioner for Cane Development and Director of Sugar and submit report to the Board within fifteen days. The Board on considering the report and after collecting such other information, as it may deem necessary, decide the additional sugarcane price.

**4D. Factors to be taken into consideration by the Board for deciding additional Sugarcane Price.**- The Board while deciding the additional Sugarcane price shall take following factors into consideration, namely:-

(1) The recorded weight of the sugarcane delivered, actual revenue realized from sugarcane crushed and production of sugar and its by-products namely bagasse, molasses, press-mud; and sugarcane juice directly utilised for production of any other produce;

**Explanation.**- For the purpose of this clause, revenue realised from sugarcane crushed during the year shall include actual production of sugar and its by-products viz., bagasse, molasses, press-mud; and sugarcane juice directly utilised for production of any other produce, if any, which are suitably valued considering the sales, opening and the closing stock though they may not have been sold.

(2) The report of the expert committee constituted under section 4C on the revenue realisation for determination of additional sugarcane price.

(3) Such other factors as may be prescribed."

**6. Substitution of section 7.**- For section 7 of the principal Act, the following shall be substituted, namely:-

**"7. Purchase of Sugarcane from the reserved area.**- Purchase of Sugarcane by the sugar factories from the reserved area shall be regulated as per the Sugarcane (Control) Order, 1966 as amended from time to time.

**7. Amendment of section 8.**- In section 8 of the principal Act,-

(a) for sub-section (1), the following shall be substituted, namely:-

"(1) All dealings and contracts in connection with the purchase and supply of sugarcane on the basis of recorded weight of sugarcane shall be made according to the metric system weights and measures digitized and automatic readers shall be displayed in the cane yards of sugar factories".

(b) for sub-section (2), the following shall be substituted, namely:-

"(2) "No inaccurate, unauthorised, uncertified scales or weights or mechanical weighing instruments shall be used, kept or possessed by or on behalf of the occupier of the factory which do not permit an easy reading of the recorded weight by the vendors of sugarcane, which are not according to

the metric system of weights and multiples and sub-multiples thereof to the nearest 1/20<sup>th</sup> of a quintal:

Provided that a margin of error upto five kilograms or one percent, whichever is less, in weighment cannot be considered.

Provided further that a weigh bridge shall not be deemed to be incorrect which weighs within one percent of the correct weight and further cannot be adjusted more correctly."

**8. Amendment of section 9.**- In section 9 of the principal Act, for sub-section (1), the following shall be substituted, namely:-

"(1) The payment to the sugarcane growers shall be in two stages. In the first stage immediately, on supply of sugarcane, the sugarcane grower shall be paid the Fair and Remunerative Price based on the previous year's recovery of the concerned factory by the occupier of the factory. All other conditions for sugarcane payment shall be as per the provisions of clause 3 of Sugarcane (Control) Order, 1966.

(1A) In the second stage, the occupier of the factory shall make the payment of additional sugarcane price within fourteen days from the date of declaration under section 4A.

(1B) Every payment made by the occupier of the factory under this Act shall be paid to sugarcane growers through his bank account only.

(1C) The provisions of the Sugarcane (Control) Order, 1966 to recover the dues with respect to Fair and remunerative price shall mutatis-mutandis be applicable for recovery of arrears of additional sugarcane price also."

**STATEMENT OF OBJECTS AND REASONS**  
**(As appended to at the time of Introduction)**

It is considered necessary to amend the Karnataka Sugarcane (Regulation of purchase and Supply) Act, 2013 to provide for,-

- (a) the definitions of the terms,-
  - (i) additional sugarcane price;
  - (ii) fair and remunerative price; and
  - (iii) year.
- (b) reconstitution of the sugarcane control Board to give equal representation of Sugarcane growers and sugar factory owners representing all Revenue divisions of the State;
- (c) empowerment of the Sugarcane Control Board with powers of Civil Court to inquire into the matters in discharge of their functions like summoning of persons, documents, etc.,
- (d) declaration of additional sugarcane price by the Commissioner for Cane development and Director of Sugar on the decision of the Sugarcane control Board;
- (e) Constitution of an expert committee for calculation of actual realization in sugar factory and to advise the Board;
- (f) taking into consideration the local factors like actual recovery of sugarcane, realization of sugar and its by-products like bagasse, pressmud and molasses and ethanol or other productions directly produced from sugarcane juice without producing Sugar for deciding additional sugarcane price;
- (g) payment of sugarcane price in two stages, namely:-
  - (i) at first stage on supply of sugarcane for payment of Fair and Remunerative Price based on previous years recovery; and
  - (ii) at second stage payment of additional price of Sugarcane on revenue sharing basis determined on the actual realization in a sugar factory;
- (h) recovery of arrears of additional sugarcane price as arrears of Land Revenue; and
- (i) certain other consequential amendments are also made.

Hence the Bill.

**FINANCIAL MEMORANDUM**

There will be an approximate expenditure of rupees 30 lakhs per annum by the proposed amendment towards payment of Travelling Allowance, Daily Allowance and miscellaneous expenses.

**MEMORANDUM REGARDING DELEGATED LEGISLATION**

<b>Clause 3:</b>	sub-section (11) of section 3 sought to be inserted by sub-clause(iv), empowers the State Government to make rules regarding the travelling allowance, daily allowance and sitting fees payable to the non-official members of the sugarcane control board.
<b>Clause 4:</b>	Clause (i) of section 4 sought to be substituted empowers the State Government to make rules regarding the other functions to be performed by the Board.
<b>Clause 5:</b>	(i) clause (f) of section 4B sought to be inserted empowers the State Government to make rules regarding any other matter to be discharged by the board. (ii) sub-section (3) of section 4D sought to be inserted empowers the State Government to make rules regarding the other factors to be considered by the board while deciding additional sugarcane price.

The proposed delegation of legislative power is normal in character.

**H.S. MAHADEV PRASAD**  
Minister for Co-operation and Sugar

**P. OMPRAKASHA**  
Secretary  
Karnataka Legislative Assembly

**ANNEXURE**

**THE EXTRACT FROM THE KARNATAKA SUGARCANE  
(REGULATION OF PURCHASE AND SUPPLY) ACT, 2013  
(KARNATAKA ACT 33 OF 2013)**

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**2. Definitions.**- (1) In this Act, unless there is anything repugnant in the subject or context,-

(a) "Board" means the Sugarcane Control Board constituted under section 3;

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(n) "Sugar season" means the year commencing on the first day of the October and ending with thirtieth day of September next Year.

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**3. Sugarcane Control Board.**- **xx** **xx** **xx**

(2) The board shall consist of the following members, namely:-

(a)	The Minister in charge of Sugar	-----	Chairman
(b)	The Minister in charge of Agriculture	-----	Co- Chairman
(c)	Secretary-II, Finance Department (Expenditure) or his nominee not below the rank of Deputy Secretary	-----	Member
(d)	Secretary to Government, Commerce and Industry Department	-----	Member
(e)	Agricultural Commissioner	-----	Member
(f)	not more than five farmers representatives nominated by the State Government from any sugarcane growers	-----	Members
(g)	not more than five members nominated by the State Government from among the persons running Sugar Factories	-----	Members
(h)	Commissioner for Cane Development and Director of Sugar	-----	Member Secretary

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(8) The Board shall meet at least thrice in a year commencing before starting of the crushing season, after closure of the crushing season and at the end of the sugar season. The Member Secretary of the Board may subject to the control of the Chairman thereof convene meetings as often as may be necessary and shall do so when required by one-third of the members.

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**4. Functions of the Board.- xx**

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(f) to decide sugarcane price on revenue sharing basis taking into consideration actual revenue realised from sugar, bagasse, molasses and press-mud.

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**7. Purchase of sugarcane in reserved area.-** (1) A sugarcane-grower in reserved area may sell sugarcane grown to the occupier of the factory to which the area is so reserved.

(2) The factory shall enter into an agreement with a cane-grower in such form, by such date on such terms and conditions as specified in clause 6 of the Sugarcane (Control) Order, 1966 for the purpose of purchasing the sugarcane offered in accordance with sub-section(1).

(3) No person other than the factory aforementioned shall purchase or enter into an agreement to purchase sugarcane grown by the sugarcane grower except in accordance with agreement under sub-section (2).

**8. Weighment.-** (1) All dealings and contracts in connection with the purchase and supply of sugarcane shall be made according to the metric system of weights and multiples or sub-multiples thereof, and all weighments shall be made by means of weigh-bridge or scale and recorded correctly to the nearest 1/20th of quintal.

(2) No scales or weights shall be used, kept or possessed by or on behalf of the occupier of the factory which are inaccurate or which do not permit an easy reading of the recorded weight by the vendors of sugarcane which are not according to the metric system of weights and multiples and sub-multiples thereof to the nearest 1/20th of a quintal:

Provided that a margin of error up to five kilograms or one percent, whichever is less, in weighment cannot be considered:

Provided further that a weigh-bridge shall not be deemed to be incorrect which weighs within one per cent of the correct weight and cannot be adjusted more correctly

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**9. Payment to sugarcane growers.**- (1) As soon as sugarcane is supplied to the occupier of a factory, the factory shall be liable to pay the price of sugarcane supplied within fourteen days to the sugarcane growers.

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