

KARNATAKA ACT 33 OF 2013
THE KARNATAKA SUGARCANE
(REGULATION OF PURCHASE AND SUPPLY) ACT, 2013
Arrangement of Sections

STATEMENT OF OBJECTS AND REASONS

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STATEMENT OF OBJECTS AND REASONS

I

Act 33 of 2013.- It is considered necessary to enact a legislation to regulate the purchase and supply of sugarcane in the State.

The salient features of the Bill are,-

- (1) Constitution of Sugarcane Control Board to advise regarding State Sugarcane Advisory Price (S.A.P);
- (2) Prohibition of the distribution and planting of unsuitable varieties of seeds of sugarcane;
- (3) Purchase of sugarcane in the reserved area;
- (4) Payment to cane growers within stipulated time; and
- (5) To provide for certain other consequential matters.

Hence, the Bill.

[L.C. Bill No. 09 of 2013, File No. Samvyashae 14 Shasana 2013.]

[Entries 14, 24 and 27 of List II of the Seventh Schedule to the Constitution of India.]

II

Amending Act 28 of 2014.- 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 advice 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.

[L.A. Bill No.44 of 2014, File No. Samvyashae 23 Shasana 2014]

[entries 14, 24 and 27 of List II of the Seventh Schedule to the Constitution of India.]

KARNATAKA ACT 33 OF 2013

(First published in the Karnataka Gazette Extraordinary on the Twelfth day of March, 2013)

**THE KARNATAKA SUGARCANE
(REGULATION OF PURCHASE AND SUPPLY) ACT, 2013**(Received the assent of the Governor on the Eighth day of March, 2013)
(As amended by 28 of 2014)

An Act to regulate the purchase and supply of sugarcane required for use in sugar factories in the State of Karnataka.

Whereas it is expedient to regulate the purchase and supply of sugar cane required for use in Sugar Factories in the state of Karnataka and to provide for matters connected therewith or incidental thereto;

Be enacted by the Karnataka State Legislature in the Sixty-fourth 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) Act, 2013.

(2) It shall come into force at once.

2. Definitions.- In this Act, unless the context otherwise requires-

¹[(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.]¹

1. Inserted by Act, 28 of 2014 w.e.f 28.08.2014

¹[(aa)]¹ "Board" means the Sugarcane Control Board constituted under section 3;

1. Renumbered by Act, 28 of 2014 w.e.f 28.08.2014

(b) "Commissioner for Cane Development and Director of Sugar" means an officer appointed by the State Government to perform the duties and functions of Commissioner for Cane Development and Director of Sugar;

(c) "Crushing season" means such period during which sugarcane is crushed normally as the State Government in consultation with the Board may, by notification, specify;

(d) "Deputy Commissioner" means the Deputy Commissioner of concerned revenue district;

(e) "Factory" means a sugar factory wherein twenty or more workers are working or were working on any day of the preceding twelve months in any part of such sugar factory where any manufacturing process connected with the production of sugar is being carried on or is ordinarily carried on with the aid of power;

¹[(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;]¹

1. Inserted by Act, 28 of 2014 w.e.f 28.08.2014

(f) "Government" means the Government of Karnataka;

(g) "Khandsari sugar manufacturing unit" means a unit engaged or ordinarily engaged in the manufacture or production of khandsari sugar with the aid of a crusher driven by any mechanical power by open pan process;

(h) "Occupier of a factory" means the person who has control over the affairs of a factory or khandsari sugar manufacturing unit and where the said affairs are entrusted to the managing agent, such agent;

(i) "Prescribed" means prescribed by rules made under this Act;

(j) "Reserved area" means an area notified under the Sugarcane (Control) Order, 1966;

(k) "State" means the state of Karnataka;

(l) "Sugarcane" means Sugarcane intended for use in a sugar factory or khandsari sugar manufacturing unit;

(m) "Sugarcane-grower" means a person including a tenant who cultivates sugarcane either by himself or through members of his family or through hired labours.

¹[(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.]¹

1. Substituted by Act, 28 of 2014 w.e.f 28.08.2014

3. Sugarcane Control Board.- (1) The State Government shall as soon as may be, after the commencement of this Act, constitute a Sugarcane Control Board (hereinafter referred to as the Board), for the State to perform such duties and functions assigned in this Act.

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

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|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|--------------------------------|
| (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 Department | - | Member |
| (e) The Secretary to Government, Commerce and Industry Department | - | Member |
| (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. | - | Member |
| (i) Not more than five Sugar factory 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. | - | Member |
| (j) The Director, S.Nijalingappa Sugar Institute, Belgaum | - | Member |
| (k) One Agricultural Economist in the cadre of Professor from UAS-Dharwad or Bangalore nominated by the State Government | - | Member |
| (l) The Commissioner for Cane Development and Director of Sugar. | - | Member Secretary] ¹ |

1. Substituted by Act, 28 of 2014 w.e.f 28.08.2014

¹[(2A) The Board may invite special invitees as it deems necessary to obtain their views.]¹

1. Inserted by Act, 28 of 2014 w.e.f 28.08.2014

(3) The Headquarters of the Board shall be at Bangalore.

(4) Notice of the meetings of the Board, the place, quorum and procedures regarding transactions of the business of the Board shall be such as may be prescribed.

(5) Subject to the pleasure of State Government or sub-section (7), a non-official member shall hold office for a period of three years from the date of nomination. A member nominated once to the Board is not eligible for re-nomination for a second time.

(6) A non-official member may resign his office under his hand addressed to the Government but he shall continue in his office until his resignation is accepted.

(7) The Government may remove a non-official member from his office if he incurs any one of the disqualification specified below, namely:-

- | | |
|-----|-------------------------------------------------------------------------------------------------------------------------------|
| (a) | becomes an un discharged insolvent; or |
| (b) | is convicted and sentenced to imprisonment for an offence which in the opinion of the Government involves moral turpitude; or |
| (c) | becomes of unsound mind, stands so declared by a competent court; or |
| (d) | refuses to act or becomes incapable of acting. |

(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. ¹[once in four months starting from commencement of the year]¹ 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.

1. Substituted by Act, 28 of 2014 w.e.f 28.08.2014

(9) When the office of non-official member nominated to the Board becomes vacant by resignation, death, removal or otherwise, the Government shall nominate within three months a new

member to fill such vacancy and such new member shall hold office for the remaining period of the term of office of the member in whose place he has been nominated.

(10) No proceedings of the Board shall be rendered invalid for the mere fact that there was one or more unfilled vacancy in the Board at the time of such proceedings were made.

¹[(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.]¹

1. Inserted by Act, 28 of 2014 w.e.f 28.08.2014

4. Functions of the Board.- The functions of the Board shall be,-

- (a) to recommend ways and means of maintaining healthy relations between occupier of the factory and cane growers.
- (b) to offer advice on any matter which be referred to it by the Government or the Commissioner for Cane Development and Director of Sugar, especially in respect of the regulation of the purchase of sugarcane;
- (c) to bring to the notice of the Commissioner for Cane Development and Director of Sugar, cases of breach of any of provisions of the Act and of the rules made there under and to make suggestions for the prevention of the same;
- (d) to advice the Government regarding suitability or otherwise of cane varieties for cultivating in different regions; and
- (e) to advice the Commissioner for Cane Development and Director of Sugar, in the sugarcane development work.
- ¹[(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]¹

1. Substituted by Act, 28 of 2014 w.e.f 28.08.2014

¹[**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.Visvesvaraiiah 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.]¹

1. Inserted by Act, 28 of 2014 w.e.f 28.08.2014

5. Power to declare varieties of cane to be un-suitable for use in factories.- The Government may, on the recommendations of the Sugarcane Control Board, declare any variety of sugarcane grown in any area specified in such notification as un-suitable variety, and no factory shall purchase such sugarcane variety so declared.

6. Prohibition of distribution of certain varieties of seeds.- The occupier of the factory or any other person acting on his behalf, shall not distribute to any person in any area or shall not plant, sugarcane seed of any variety if the same has been declared by the Government as unsuitable under section 5.

¹[**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.]¹

1. Substituted by Act, 28 of 2014 w.e.f 28.08.2014

8. Weighment.- ¹[(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.]¹

1. Substituted by Act, 28 of 2014 w.e.f 28.08.2014

¹[2) "No inaccurate, unauthorized, 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 1/20th 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.]¹

1. Substituted by Act, 28 of 2014 w.e.f 28.08.2014

(3) All scales and weights used, shall be kept open to inspection or examination at all reasonable times without notice and the occupier shall make available all scales weights for such inspection or examination whenever required by the sugarcane growers or any other officer of the Government authorised.

(4) Deductions not more than that allowed by Central Government on the net weight of sugarcane purchased, shall be allowed as binding materials.

(5) Weighments of sugarcane shall not be made more than half-an-hour after sunset unless adequate lighting arrangement are made at the weigh-bridge by the occupier of the factory.

(6) The occupier of a factory shall cause the time of arrival and departure of each cart, tractor, lorry or any vehicle to be recorded in the farmers pass book.

(7) The occupier of factory make at all purchasing centers adequate arrangements to the satisfaction of the Commissioner for Cane Development and Director of Sugar-

(a) regulating the entry and parking to avoid congestion;

(b) roads and approach roads to the weigh-bridges; and

(c) cattle sheds and troughs.

(d) Canteen, drinking water, first aid centre and other basic amenities

(8) Any representative of cane growers shall be allowed to be present at the time of weighment of sugarcane at any weigh-bridge to watch or check weighment and examine records in which weights are recorded;

(9) In no case, sugarcane be purchased without actual weighment and such part of the mechanism of a weigh-bridge by which its adjustment is controlled shall be kept suitably sealed or locked;

(10) All weigh-bridge or scales at purchasing centers shall be tested at least a week in the presence of any person nominated by the Commissioner for Cane Development and Director of Sugar in this behalf and record of such tests shall be properly maintained. Any sugarcane grower who wish to be present at the time of testing shall also be allowed;

(11) Excess sugarcane brought by a cane grower to the extent of ten per cent of the weight specified in the unit wise requisition slip shall be accepted and there shall be no objection to the acceptances of less weight up to any extent.

9. Payment to sugarcane growers.-¹[(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.]¹

1. Substituted by Act, 28 of 2014 w.e.f 28.08.2014

(2) Payment shall be made on the basis of the recorded weight of the sugarcane at the factory. The price of the sugarcane to be payable be calculated to the nearest rupee.

(3) An occupier of a factory shall be liable to make for all payments due for sugarcane purchased by him and if such occupier of the factory fails to make payments, the occupier of such factory shall be responsible for making such payments with interest as specified in Sugarcane (Control) Order, 1966 thereon from the date such payment falls due .

10. Penalty.- If any person contravenes any of the provisions of this Act, or any rule made there under, he shall be punishable with rigorous imprisonment for a term which may extend to one year, or with fine which may extend to five thousand rupees or with both.

11. Cognizance of Offence.- No court shall take cognizance of any offence punishable under section 10, except on a complaint made by an officer authorized by the Commissioner for Cane Development and Director of Sugar and no court inferior to that of a Magistrate of First Class, shall try any such offence.

12. Power to compound offences:- (1) On the application of a person accused of an offence under this Act or the rules made there under, the Commissioner for Cane Development and Director of Sugar or any other officer authorized in this behalf may accept from him a sum of money not exceeding ten thousand rupees by way of composition for such offence at any stage before the judgment in the case has been pronounced.

(2) When the Commissioner for Cane Development and Director of Sugar, compounds an offence under this section, the occupier of factory or any other person shall not be liable for prosecution in respect of such offence or to any further penalty under section 10.

13. Offences by Companies, Firms and Partnerships:- Where the occupier of a Sugar factory is a Company, Firm or a Partner or a Society or Other Association, any one or more of the partners or members or directors thereof, as the case may be, shall be prosecuted and punished for any offence committed under this Act.

14. Commissioner of Cane Development and Director of Sugar to be public servant.- The Commissioner of Cane Development and Director of Sugar and every Officer appointed under this Act shall be deemed to be public servant within the meaning of section 21 of the Indian Penal Code, 1860.

15. Protection of acts done in good faith.- No suit, prosecution or other legal proceedings shall lie against Government or any Officer or Official for anything which is done in good faith or intended to be done in pursuance of any provisions of this Act or any rule or order made there under.

16. Power to make rules.- (1) The Government may make rules to carry out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing powers, such rules may provide for:-

(a) the procedure of transactions of Business of the Sugarcane Control Board;

(b) the form in which any notice required shall be given.

(3) the form of agreement to be entered into for the purchase of sugarcane, the date by which such agreement should be made and the terms and conditions thereof;

(4) the correct weighment of sugarcane, the provision of facilities for weighment and for checking weighments and timings of weighments; and

(5) any other matter which is to be or may be prescribed under this Act.

The above translation of ಕರ್ನಾಟಕ ಕಬ್ಬು (ಖರೀದಿ ಮತ್ತು ಸರಬರಾಜು ನಿಯಂತ್ರಣ) ಅಧಿನಿಯಮ, 2013 (2013ರ ಕರ್ನಾಟಕ ಅಧಿನಿಯಮ ಸಂಖ್ಯೆ: 33) be published in the Official Gazette under clause (3) of Article 348 of the Constitution of India.

H.R. BHARDWAJ
GOVERNOR OF KARNATAKA

By Order and in the name of the Governor of Karnataka

K. DWARAKANATH BABU
Secretary to Government (I/c),
Department of Parliamentary
Affairs and Legislation.

KARNATAKA ACT NO. 28 OF 2014

(First Published in the Karnataka Gazette Extra-ordinary on the Twenty-eighth day of August, 2014)

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

(Received the assent of the Governor on the Twenty-fifth day of August, 2014)

An Act 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.

Sections 2, 3, 4, 4A, 4B, 4C, 4D 7, 8 & 9 are incorporated in the Principal Act.