

No. 3(3)/2018-SP-I
Government of India
Ministry of Consumer Affairs, Food & Public Distribution
Department of Food & Public Distribution

Krishi Bhawan, New Delhi,
Dated, the 20th April, 2026

OFFICE MEMORANDUM

Subject: Review of Sugarcane (Control) Order 1966.

The undersigned is directed to state that due to the technological advancements in the Sugar Sector, there are multiple changes in the sugarcane sector which necessitates the revamping of existing the Sugarcane (Control) Order, 1966. In this regard, a copy of "the draft Sugarcane (Control) Order 2026" is attached herewith.

2. It is requested to provide your comments/suggestions, if any, on the above draft latest **by 20.05.2026.**

Encl: as above.


20/04/2026.

(Jaivir Singh)

Under Secretary to the Government of India
Tel: 23074902

To,

1. Secretary, Ministry of Agriculture and Farmers Welfare;
2. Secretary, Department of Consumer Affairs;
3. Secretary, Department for Promotion of Industry and Internal Trade ;
4. Secretary, Ministry of Petroleum and Natural Gas;
5. Secretary, Ministry of Cooperation;
6. Secretary, Department of Legal Affairs;
7. Chairperson, Food Safety and Standards Authority of India (FSSAI), Ministry of Health & Family Welfare, 03rd & 04th Floor, FDA Bhawan, New Delhi – 110002
8. Principal Secretaries (Food/Sugar/Cane) of all Sugarcane producing States;
9. Director, National Sugar Institute, Kanpur, Vasantdada Sugar Institute, Pune;
10. The President/Chairman, ISMA/NFCSF/AISTA;
11. CMD/MDs/CEOs of Sugar Mills.

[To be published in the Gazette of India, Extraordinary, PART-II, Section 3, Sub-section (i)]

MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
(Department of Food and Public Distribution)

ORDER

New Delhi, the 2026

G.S.R.,/Ess.Com./Sugarcane.- In exercise of the powers conferred by Section 3 of the Essential Commodities Act, 1955 (10 of 1955), in supersession of the Sugarcane (Control) Order, 1966, except as respect things to be done or omitted to be done before such supersession, 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, 2026.

(2) It shall come into force on the date of its publication in the Official Gazette.

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 manufacturing rab or khandsari sugar;
- (b) ‘**co-operative society**’ means a cooperative society registered under the Cooperative Societies Act, 1912 (2 of 1912), or under any other law for the time being in force relating to cooperative societies;
- (c) “**sugar factory or sugar mill**” means any premises including the precincts thereof wherein Twenty or more workers are working and in any part of which any manufacturing process connected with the production of sugar by means of vacuum pan process or production of ethanol either directly from sugarcane juice or syrup or sugar or khandsari sugar syrup is being carried on or is ordinarily carried on with the aid of mechanical power.
- (cc) “**fair and remunerative price of sugarcane**” means the price fixed by the Central Government under clause 3, from time to time, for sugarcane;
- (d) “**Khandsari Sugar**” means sugar obtained from sugarcane juice by open pan process may be of two varieties and it may be crystalline or in powder form. It shall be free from dirt, filth, iron filings and added colouring matter and the extraneous matter shall not exceed 0.25 per cent. by weight and it may contain sodium bicarbonate (food grade). The two varieties shall also conform the following standards, namely:
 - i. **Khandsari sugar (Desi)** - Sucrose not less than 93 per cent. by weight and moisture not more than 1.5 per cent. by weight and ash insoluble in dilute hydrochloric acid not more than 0.7 per cent. by weight or as specified in the Food

Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011, as amended from time to time.

- ii. **Khandsari Sugar (sulphur)** - Sucrose not less than 96.5 per cent. by weight and moisture not more than 1.5 per cent. by weight and ash insoluble in dilute hydrochloric acid not more than 0.5 per cent. by weight or as specified in the Food Safety and Standards (Food Products Standards and Food Additives) Regulation, 2011, as amended from time to time.
- (e) For the purpose of this order “Khandsari Factory” means any premises including the precincts thereof wherein ten (10) or more workers are working or were working and in any part of which any manufacturing process connected with the production of khandsari sugar by means of open pan process is being carried on or is ordinarily carried on with the aid of mechanical power.
- (f) **‘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 shakkar rab or khandsari sugar;
- (g) **‘price’** means the price or fair and remunerative price fixed by the Central Government from time to time for sugarcane delivered -
 - (i) to a sugar factory at the gate of the sugar factory or at a sugarcane purchasing centre; or
 - (ii) to a khandsari factory;
- (h) **‘producer of khandsari sugar’** means a person carrying on the business of manufacturing sugar by open pan process;
- (i) **“producer”** means an entity or person carrying the business of manufacturing sugar or any product using sugarcane juice or sugar or cane molasses where sucrose or sugar is utilised and the resultant product is not meant for direct human or animal consumption;
- (j) **‘reserved area’** means any area where sugarcane is grown and reserved for a sugar factory under sub-clause (1)(a) of clause 6;
- (k) “sugar season” means the year commencing on the first day of October and ending with the thirtieth day of September in the year next following.
- (l) **"Food business"** means any undertaking, whether for profit or not and whether public or private, carrying out any of the activities related to any stage of manufacture, processing, packaging, storage, transportation, distribution of food, import and includes food services, catering services, sale of food or food ingredients.
- (m) **"food business operator"** in relation to food business means a person by whom the business is carried on or owned and is responsible for ensuring the compliance of this Act, rules and regulations made thereunder.
- (n) **“by-products”** means any form of product, which has been produced during production of sugar namely, cane bagasse, cane molasses, press mud cake or any other alternative product affecting sugar production from sugarcane;
- (o) For the purpose of this order, “ethanol” means ethanol produced from sugar cane juice, sugar syrup, cane molasses and sugar;
- (p) **"dealer"** means any person engaged in the business of purchase, movement, sale, supply, distribution, storage or processing of sugar, whether as a wholesaler or

- retailer or big chain retailer or processor or importer or exporter and whether or not in conjunction with any other business and includes his representatives or agent;
- (q) "sugar" means, – (i) any form of sugar containing more than 90 per cent. of sucrose (polarisation), including raw, plantation white, refined sugar and sugar candy; or (ii) khandsari sugar or bura sugar or crushed sugar or any sugar in crystalline or powdered or liquid form.

3. Fair and Remunerative Price (FRP) 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 fair and remunerative 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 of prices of agricultural commodities;
 - (c) the availability of sugar to the consumer at a fair price;
 - (d) the price at which sugar produced from sugarcane is sold by producers of sugar;
 - (e) the recovery of sugar from sugarcane;
 - (f) the realization made from sale of by-products viz. molasses, bagasse and press mud or their imputed value;
 - (g) reasonable margins for the growers of sugarcane on account of risk and profits;

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.

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

Explanation (2) — When a sugar factory produces ethanol directly from sugarcane juice or sugar or sugar syrup or B-Heavy molasses, the conversion rate in case of such sugar factory shall be determined by considering every 600 liters of ethanol so produced as equivalent to one tonne of production of sugar.

Explanation (3) — For the purpose of this clause, "ethanol" also includes rectified spirit, special denatured spirit, extra neutral alcohol, absolute alcohol, anhydrous de-natured ethanol, fuel grade ethanol or any other form of ethyl alcohol.

- (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).

- (3) Where a producer of sugar purchases any sugarcane from a grower of sugarcane or from a sugarcane growers' cooperative society, the producer shall, unless there is an agreement in writing to the contrary between the parties, pay within 14 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 sugarcane growers' cooperative society or that fixed under sub-clause (1), as the case may be, either at the gate of the sugar factory or at the cane collection centre or transfer or deposit the necessary amount in the bank account of the seller or the cooperative society, as the case may be.
- (3A) 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 sugar factory or at the cane collection centre, receipts, if any, given by the purchaser, shall be surrendered by the cane grower or cooperative society.
- (6) Where payment has been made by transfer or deposit of the amount to the bank account of the seller or the cooperative society, as the case may be, the receipt given by the purchaser, if any, to the grower or the cooperative society, if not returned to the purchaser, shall become invalid.
- (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 sugar factory on account of the suppliers of cane not coming forward with their claims therefor, it shall be deposited by the producer of the sugar with the Collector of the district in which the sugar 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 3 years of the close of the sugar year in which the cane was supplied to the sugar factory. The amount still remaining un-disbursed 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 three years within which claims therefor could be preferred by the suppliers. The State Governments shall, as far as possible, utilize such amounts, for development of sugarcane in the State.

- (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' cooperative 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 authorized by the Central Government in this behalf or the State Government or an officer authorized 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' cooperative 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 sugar 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 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' cooperative 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' cooperatives 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' cooperative 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' cooperative societies, it shall distribute the amount through cheque/draft/or any other recognized 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' cooperative 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.

Explanation (4) — Imputed value of the by-products would include unsold value or the notional or transfer value of such by-products for further value addition in the sugar factory like, alcohol and ethanol production from molasses, use of press mud for making bio-fertilizer and/or distillery effluent treatment, generation of power from bagasse or any other product produced through value addition to the by-products mentioned above but should not include the bagasse used for running the boiler of the main sugar factory for the production of sugar alone.

Explanation (5) — The realization made from the sale of by-products namely, molasses, bagasse and press mud or their imputed value means only transfer prices and not the value of or profit from co-generated power, alcohol or ethanol, bio-fertilizers or distillery effluent treatment or any other product produced through value addition to the by-products mentioned above.

3A. 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' cooperative society, either the fair and remunerative 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' cooperative society, as the case may be (hereinafter referred to as the agreed price);

Provided that:

- (i) in the case of sugarcane delivered at any purchasing centre and the same being transported to the sugar factory by the sugar 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.

Explanation: The distance of less than half a kilometer shall be ignored while distance of half or more than half kilometer shall be counted as one kilometer.

- (ii) the Central Government or the State Government, or the Director of Agriculture, or the Cane Commissioner, or the District Magistrate may allow suitable rebate in the fair and remunerative price or the agreed price, as the case may be, for 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 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 the respective jurisdiction may allow a suitable rebate in regard to the weight of the binding material [not exceeding 1.000 kilograms per quintal of sugarcane]; and
- (iv) The Central Government or the State Government or the Director of Agriculture or the Cane Commissioner or the District Magistrate may allow 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 and transportation.

4. Fair and remunerative 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 fair and remunerative 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 fair and remunerative price or the price of sugarcane so fixed shall not exceed the fair price of sugarcane fixed for payment by producers of sugar in the region.

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 FRP fixed by the Central Government.

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 4A, allow a suitable rebate in the price so fixed.

4A. 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' cooperative society, either the fair and remunerative 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' cooperative society, as the case may be (hereinafter referred to as the agreed price):

Provided that —

- (i) in the case of sugarcane delivered at any purchase centre and the same being transported to the khandsari factory by the factory owner by rail or by road using his own transport, a rebate shall be made from the fair and remunerative 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.

Explanation: The distance of less than half a kilometer shall be ignored while a distance of half or more than a half a kilometer shall be counted as one kilometer.

- (ii) 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 fair and remunerative price or the agreed price, as the case may be, for burnt cane or stale cane or dried cane or rejected varieties of cane supplied to khandsari factory 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 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 jurisdiction, may allow a suitable rebate in regard to the weight of the binding material [not exceeding 1.000 kilogram per quintal of sugarcane]; and
- (iv) 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 fair and remunerative price or the agreed price, as the case may be, when cane is supplied ex-field to khandsari factory within their respective jurisdictions subject to the condition that the rebate so allowed shall not exceed the estimated expenditure on harvesting and transportation.

5. Omitted

5A. Additional price for sugarcane purchased on or after 1st October, 1974

Already Omitted

6. Power to regulate distribution and movement of sugarcane and production of sugar

- (1) The Central Government may, by order notify in the Official Gazette -
 - (a) reserve any area where sugarcane is grown (hereinafter in this clause referred to as reserved area) for a sugar factory having regard to the crushing capacity of the sugar factory, the availability of sugarcane in the reserved area and the need for production of sugar with a view to enabling the sugar factory to purchase the quantity of sugarcane required by it;
 - (b) determine the quantity of sugarcane which a sugar factory will require for crushing during any year;
 - (c) 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 cooperative society of sugarcane growers' operating in the reserved area, through such society, shall supply to the sugar factory concerned;
- (d) direct a sugarcane grower or a sugarcane growers' cooperative society, supplying sugarcane to a sugar factory, and the sugar factory concerned to enter into an agreement to supply or purchase, as the case may be, the quantity of sugarcane fixed under paragraph (c);
 - (e) direct that no khandsari sugar or sugar shall be manufactured from sugarcane except under and in accordance with the conditions specified in the license issued in this behalf,
 - (f) prohibit or restrict or otherwise regulate the export of sugarcane from any area (including the reserved area) except under and in accordance with a permit issued in this behalf.
- (2) Every sugarcane grower, sugarcane growers' cooperative society and sugar 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 willful failure on the part of the sugarcane grower, sugarcane growers' cooperative society or the sugar factory to do so, shall constitute a breach of the provisions of this Order:

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

6A. Restriction on setting up of two sugar factories within the radius of 25 kms and on expansion of crushing capacity

Notwithstanding anything contained in clause 6, no new sugar factory shall be set up within the radius of 25 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 25 Kms or different minimum distances not less than 25 Kms for different regions in their respective States.

For expansion of the capacity of existing sugar factories, the State Government or any other authority appointed by Central Government shall assess the sugarcane availability, sugarcane cultivable area, average yield, operational days of the sugar mill and also not adversely affecting the cane availability of neighbouring sugar mills and other related issues for cultivation of sugarcane in the area.

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 for Promotion of Industry & Internal Trade, in the Central Government and has submitted a performance bank guarantee of rupees two crore to the Director (Sugar), Directorate of Sugar & Vegetable Oils, Department of Food & Public Distribution, Ministry of Consumer Affairs, Food & Public Distribution from Scheduled Bank with claim period of one year beyond validity period of performance bank guarantee for implementation of the Industrial Entrepreneur Memorandum within the stipulated time or extended time as specified in clause 6C.

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:

- (i) Proof of purchase/sale agreement and conversion of land for Industrial use in the name of sugar factory.
- (ii) Copy of contract for purchase of plant and machinery for the sugar factory mentioning the timeline for payment terms & delivery schedule of machinery and payment of requisite advance or opening of irrevocable letter of credit with suppliers;
- (iii) Copy of agreement with Civil Contractor and commencement of construction of building for the sugar factory showing site photographs justifying the status of civil work as per the scheduled timelines;
- (iv) Final Sanction of requisite term loans from banks or financial institutions;
- (v) Any other steps prescribed by the Central Government in this regard through a notification.

6B. Requirement for filing the Industrial Entrepreneur Memorandum

- (1) Before filing the Industrial Entrepreneur Memorandum Part-A 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 Part-A with the Central Government within two months of issue of such certificate failing which validity of the certificate shall expire.
- (2) After obtaining the Industrial Entrepreneur Memorandum Part-A acknowledgement, the concerned person shall submit a performance bank guarantee of rupees two crore to Director (Sugar), Directorate of Sugar & Vegetable Oils, Department of Food & Public Distribution, Ministry of Consumer Affairs, Food & Public Distribution, within thirty days of obtaining the Industrial Entrepreneur Memorandum Part-A acknowledgement as a surety for implementation of the Industrial Entrepreneur Memorandum within the stipulated time or extended time as specified in clause 6C failing which Industrial Entrepreneur Memorandum shall stand derecognized as far as provisions of this Order are concerned.

“Provided that the requirement of submission of performance guarantee is not required in case of a factory set up to produce only ethanol from sugarcane juice or sugar or sugar syrup or molasses including B-heavy molasses, without undertaking sugarcane crushing in its own premises”

“Provided further that in case of a factory set up to produce only ethanol from sugarcane juice or sugar or sugar syrup or molasses including B-heavy molasses by undertaking sugarcane crushing in its own premises for production of ethanol is required to submit performance bank guarantee as mentioned in above in sub clause (2) of 6(B).”

6C. Time limit to implement Industrial Entrepreneur Memorandum

- (1) The stipulated time for taking effective steps as specified in Explanation 4 to clause 6A, shall be three years and commercial production of sugar or ethanol (by undertaking sugarcane crushing in its own premises) or both shall commence within five years with effect from the date of acceptance of performance bank guarantee of Rs. two crore and issuance of taken on record order with the Central Government under sub-clause (2) of clause 6B failing which the Industrial Entrepreneur Memorandum shall stand de-recognized as provided in sub-clause (2) thereof, and the performance bank guarantee furnished thereunder shall be forfeited.

The Project Proponent shall submit the progress report upon completion of three years, evidencing the effective steps undertaken, as stipulated under Explanation 4 to Clause 6A.

- (2) The time limit specified in sub-clause (1) may be extended in the following manner, namely:
 - (a) where the delay is due to any unforeseen circumstances beyond the control of the person concerned such as natural calamities including drought or non-availability of sugarcane (raw material) during off season in the year in which the stipulated period terminates or non-financing of sugar sectors or delay in getting necessary approvals from the State Government or due to any court case relating to land use, environment clearance or such other reason, that may have arisen within five years from the date of obtaining of Industrial Entrepreneur Memorandum, the Director (Sugar), Directorate of Sugar & Vegetable Oils, Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution may, after the expiry of five years' period stipulated in sub-clause (1), extend the period stipulated in sub-clause (1) to a further period of two years, not exceeding more than one year at a time:

Provided that such extension for taking effective steps or for the commencement of commercial production of sugar, may be granted in consultation with the State Government concerned and the Department of Legal Affairs, Ministry of Law and Justice, if considered necessary:

Provided further that in case where the commercial production of sugar does not commence within such extended period, the bank guarantee furnished under sub-clause (2) of clause 6B shall be forfeited;

- (b) in case where such delay arising due to any unforeseen circumstances or delay in getting necessary approvals from the State Government or court case relating to land use, environment clearance or such other reason continues beyond the period extended under item (a), officer of rank above the Director (Sugar), Directorate of Sugar & Vegetable Oils, Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution may grant extension of such further period, as he deems fit, not exceeding more than one year at a time, subject to furnishing of a bank guarantee of rupees one crore from Scheduled Bank with claim period of one year beyond validity period of performance bank guarantee for each year for which the extension is sought, which shall be in addition to the bank guarantee furnished under sub-clause (2) of clause 6B:

Provided that such extension may be provided subject to following conditions:-

- (i) Where the Project Proponent has taken all the effective steps as specified in Explanation 4 to clause 6A within a period of seven years, but has not commenced the commercial production, a further extension for commencement of commercial production may be granted, subject to a maximum period of two years, not more than one year at a time and /or
- (ii) Where the delay in court case relating to land use, environment, ownership etc; and /or
- (iii) Delay due to unforeseen circumstances beyond the control of project proponent.

Provided further that such extension may be granted in consultation with the State Government concerned and the Department of Legal Affairs in the Ministry of Law and Justice, if considered necessary:

Provided further that in case the commercial production does not commence within any such extended period of one year, such bank guarantee of rupees one crore so furnished for that one year of extension shall be forfeited and if commercial production does not commence within any of such extended period, the bank guarantee furnished under sub-clause (2) of clause 6B shall also be forfeited;

- (c) notwithstanding anything contained in this sub-clause, in view of the problems faced by the project proponents on account of lockdown imposed due to Corona Virus Pandemic (COVID-19) and its subsequent consequences, further extension of two years may be granted beyond the period stipulated or extended under this clause for implementation of Industrial Entrepreneur Memorandum if such stipulated period or extension falls during the period between the 1st day of March, 2020 and the 28th February, 2022 and in such cases, the condition relating to furnishing of bank guarantee under item (b) shall not apply.
- (d) notwithstanding anything contained in this sub-clause, in view of the stay imposed on the project proponents in court cases before Hon'ble High Courts & Hon'ble Supreme Court, the period lost due to the stay order, will not be taken in to account

while determining the periods mentioned above and the exemption for that period will be given to the project proponents subject to a limit of two years or period lost due to the stay order whichever is lesser.

6CC. Restriction on Sale or Purchase of Industrial Entrepreneur Memorandum Before Establishment of Sugar Factory

(1) No concerned person who has obtained an Industrial Entrepreneur Memorandum (IEM) for setting up a new sugar factory shall transfer the Industrial Entrepreneur Memorandum to any third party prior to commencement of commercial production of the sugar factory as per the stipulations of this Order.

(2) Notwithstanding anything contained in sub-clause (1), the transfer of an Industrial Entrepreneur Memorandum to a third party may be permitted under the following exceptional circumstances, subject to prior approval of the Central Government:

(i) An order or directive issued by a competent court of law/financial institutions;

(ii) An order or resolution passed by the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code, 2016, or any other applicable legal framework.

(3) The concerned person seeking to transfer the Industrial Entrepreneur Memorandum under sub-clause (2) shall submit an application to the Director (Sugar), Department of Food & Public Distribution, Ministry of Consumer Affairs, Food & Public Distribution, along with supporting documentation justifying the transfer.

(4) Any transfer of the Industrial Entrepreneur Memorandum approved under sub-clause (3) shall be subject to the condition that the party to whom the Industrial Entrepreneur Memorandum is transferred complies with all requirements of this Order, including the submission of a fresh performance bank guarantee as specified in sub-clause (2) of clause 6B. In above cases, the validity of implementation of Industrial Entrepreneur Memorandum will be counted from the date of transfer of Industrial Entrepreneur Memorandum.

(5) The previous performance bank guarantee submitted by the previous owner of Industrial Entrepreneur Memorandum shall be forfeited.

Explanation 1:- For the purpose of this order, transfer of Industrial Entrepreneur Memorandum shall include sale/transfer of land used for setting up of the sugar factory, sale/transfer of assets of sugar factory including plant & machinery.

Explanation 2:- For any transfer of the Industrial Entrepreneur Memorandum approved Director (Sugar), Department of Food & Public Distribution, Ministry of Consumer Affairs, Food & Public Distribution, under sub-clause (3), time limit for setting up of new sugar factory will be counted from the date of transfer of Industrial Entrepreneur Memorandum.

6D. Return of Performance bank guarantee

Provided that the performance bank guarantee shall be returned if.-

- i. the commercial production is commenced within the stipulated period including period for implementation of Industrial Entrepreneur Memorandum;
- ii. the commercial production is not commenced even after expiry of extended period for reasons not attributable to the project proponent and the same is fully established on merit and be recorded in writing;
- iii. the project proponent suomotu, opts to forego its Industrial Entrepreneur Memorandum within two years from the date of its obtaining and requests for return of performance bank guarantee with due justification.

6E. Application of Clause 6A, 6C & 6D

After expiry of stipulated time period as specified in clause 6C, the project proponent will be provided reasonable opportunity of being heard before de-recognition of Industrial Entrepreneur Memorandum and forfeiture of performance bank guarantee.

6F. Reinstatement of Derecognized Industrial Entrepreneur Memorandum

(1) Upon receipt of the application of reinstatement of derecognized Industrial Entrepreneur Memorandum, one time review shall be considered on case-to-case basis, as per the following conditions :-

(i) reinstate the Industrial Entrepreneur Memorandum with or without additional conditions, including the submission of a fresh performance guarantee as specified in sub-clause (2) of clause 6B, if the original guarantee has been forfeited or expired;

(ii) for regularization of the expired period of Industrial Entrepreneur Memorandum beyond seven years as per item (c) of sub-clause 2 of clause 6C, additional bank guarantee of rupees one crore per year to be submitted by the project proponent and relaxation of COVID-19 period granted from 1st day of March, 2020 to 28th February, 2022 shall continue to apply;

(iii) extend the validity of reinstated Industrial Entrepreneur Memorandum for its implementation, as deemed fit, subject to furnishing of a bank guarantee of rupees one crore for each year for which the extension is sought, which shall be in addition to the bank guarantee furnished under sub-clause (2) of clause 6B:

Provided that the validity period of the reinstated Industrial Entrepreneur Memorandum may be extended after regularisation for a maximum of two years, not exceeding one year at a time, for completion of the effective steps as specified in *Explanation 4* to Clause 6A and further extension beyond this period shall be permissible only upon completion of the effective steps;

(iv) upon the expiry of the period specified in clause (iii), a maximum period of two years extension, not exceeding one year at a time, for commencement of commercial production shall be allowed and there shall be no further extension beyond this limit; and

(v) reject the application, if the evidence provided by the project proponent is deemed insufficient or the circumstances do not justify reinstatement.

(2) Where the Industrial Entrepreneur Memorandum is reinstated under this clause, the concerned person shall be required to adhere to all provisions of this Order, including the minimum distance requirements under clause 6A, unless modified in the reinstatement order:

Provided that such extension may be granted for taking effective steps or for the commencement of commercial production of sugar, in consultation with the State Government concerned and the Department of Legal Affairs in the Ministry of Law and Justice, if considered necessary:

Provided further that in case the commercial production does not commence within any such extended period of one year, such bank guarantee of rupees one crore so furnished for that extension shall be forfeited and if commercial production does not commence within any of such extended period, the bank guarantee furnished under sub clause (2) of clause 6B shall also be forfeited.

6G. Issuance of Plant Name and Plant code for a project proponent

- (1) On successful commencement of commercial production and trial crushing taken by a project proponent, a short name & plant code will be allocated to their project on provisional basis subject to submission of following documents:
 - a. Certificate issued by cane commissioner or equivalent of respective state, mentioning the date of commencement of commercial production, the quantity of cane crushed, and the quantity of sugar or ethanol or both produced.
 - b. Part- B of Industrial Entrepreneur Memorandum
 - c. GST Certificate
 - d. Undertaking on stamp paper:- The company will submit an undertaking informing this Department whenever they expand its capacity or change ownership, name and will comply with the directives issued by DFPD from time to time.
- (2) The Provisional Short name & Plant Code will be regularized after successful production for three consecutive months subject to submission of following documents:
 - a. Copies of filing P-II for three consecutive months.
 - b. Copies of GSTR-1 for three consecutive months.
- (3) In addition, to condition of clause 6D, performance bank guarantee shall be returned to the proponent after regularization of the short name & plant code. During this period the project proponent will be liable for maintenance of validity of the Performance Bank Guarantee”
- (4) In addition to explanation 1 below clause 6A, if a Sugar factory remains closed for seven consecutive sugar seasons, its short name, plant code & Industrial Entrepreneur Memorandum will automatically get derecognized.”

7. Power to license power crushers, khandsari factory and crushers and to regulate the purchase of sugarcane

The Central Government may, by order —

- (a) direct that a crusher not belonging to a grower or a power crusher or a khandsari factory shall not work except under and in accordance with a license issued by the Central Government in that behalf;
- (b) direct that in a reserved area -
 - (i) no sugarcane shall be purchased for crushing by a power crusher;
 - (ii) no sugarcane or sugarcane juice shall be purchased for crushing or for manufacture of rab or khandsari sugar, as the case may be, by a crusher not belonging to a grower or by a khandsari factory in the area;

Provided that where such a permit is issued —

- (i) The Central Government may direct the permit holder to purchase sugarcane or sugarcane juice through/only a cooperative 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 factory or the crusher, as the case may be, only during such period or such hours as may be so specified;
- (c) direct the owner or other person in charge of a crusher not belonging to a grower or a power crusher or a khandsari factory, in a reserved area to shift it to such a place outside the reserved area as may be specified by the Central Government for the purpose;

Provided that the sugar factory, for which the area is reserved, undertake to pay the cost of shifting, as determined by the Central Government, within such time as may be fixed by the 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, or trade and commerce in sugarcane, sugarcane juice, sugar, 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 of issue of licence or permits, the charging of fees therefore, 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, search and inspection of premises, places or vehicles, seizure by a person authorized to make such search of any crusher, power crusher or khandsari factory 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 direction to producers of khandsari sugar, power crushers, khandsari factory, crushers and cooperative societies

The Central Government may, from time to time by general or special order, issue direction to any producer of khandsari sugar or owner of a power crusher, khandsari factory or crusher or the agent of such producer or owner or a cooperative society, regarding the purchase of sugarcane or sugarcane juice, production, maintenance of stocks, storage, price, packing, payment, disposal, delivery and distribution of sugarcane 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 that any order or direction issued under this Order is complied with:-

- (a) require any sugar factory or sugar mill, co-operative society, Khandsari factory, producer of sugar or dealer to furnish within such period or at such intervals as may be specified, such information, returns or reports and in such forms including digital forms through Application Programming Interface (API) or any other mode and to allow information sharing with any Government organization to ensure authenticity of data and compliance, as may be required; and the data shall not be shared with any third party and shall be exclusively used for government purposes.
- (b) inspect or direct or authorize 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 factory or a cooperative society.

9A. Power of entry, search and seizure

- (1) The Central Government or the State Government, as the case may be, may authorize any officer 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 factory or an agent of such an owner, are maintained or kept for safe custody;
- (2) Such person may seize any such accounts, books, registers or other documents if he has reasons to believe that a contravention of this Order has been or is being or is about to be committed.
- (3) The provisions of the Bharatiya Nagarik Suraksha Sanhita, 2023 (46 of 2023) with respect to search and seizure shall, apply to searches and seizures under this clause.

10. Compliance with Order

Every producer of sugar, producer of khandsari sugar, his agent or sugar factory, every sugarcane grower or other person or cooperative 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

- (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.
- (2) Where all or any of the powers conferred upon the Central Government by this Order had been delegated in pursuance of sub-clause (1)(b) to any officer or any authority or 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-moto, or an 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, 1966 and any Order made thereunder regulating or prohibiting the production, supply and distribution of sugarcane and trade or commerce therein are hereby repealed, except in respect of 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 an 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.

[F.No.]
Ashwini Srivastava, Jt. Secy.