

THE ANDHRA PRADESH SUGARCANE (REGULATION OF SUPPLY AND
PURCHASE) ACT, 1961

Act No. XLV of 1961

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SCHEDULE

THE ANDHRA PRADESH SUGARCANE (REGULATION OF SUPPLY AND
PURCHASE) ACT, 1961.
Act No.XLV of 1961

[30th December, 1961]

AN ACT TO PROVIDE FOR THE REGULATION OF SUPPLY AND PURCHASE
OF SUGARCANE REQUIRED FOR USE IN SUGAR FACTORIES ¹[AND
KHANDASARI UNITS AND FOR MATTERS CONNECTED
THEREWITH].

BE it enacted by the Legislature of the State of Andhra Pradesh in the
Twelfth Year of the Republic of India, as follows :--

1. Short title, extent and commencement - (1) This Act may be called the
Andhra Pradesh Sugarcane (Regulation of Supply and Purchase) Act, 1961.

(2) It extends to the whole of the State of Andhra Pradesh.

(3) It shall come into force on such date as the State Government may, by
notification in the Andhra Pradesh Gazette, appoint and they may appoint
different dates for different areas and for different provisions of this Act.

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

²[(a) 'bel' means a unit engaged or ordinarily engaged in the
manufacture of rab and capable of handling not less than five
metric tonnes of sugarcane per day for that purpose;

(aa) 'cane' means sugarcane intended for use in a factory or a
khandasari unit and includes the sugarcane intended for
manufacturing rab or gur;]

(b) 'Cane Commissioner' means the officer appointed to be the
Cane Commissioner under section 9;

(c) 'cane grower' means a person who cultivates cane, whether by
himself or by his own servants or by hired labour or by members of
his family or by his tenants and includes a cane growers' co-
operative society as defined in clause (d) but not a member thereof
and a company as defined in ³[section 3 of the Companies Act,
1956 (Central Act I of 1956)];

⁴[(d) 'cane growers' co-operative society' means a society registered
or deemed to be registered under the Andhra Pradesh Co-operative
Societies Act, 1964, which has among its objects and functions the
sale of cane grown by its members, whose names are entered in
the register of cane growers maintained under sub-section (1) of
section 13, and who are members of a co-operative factory; and
includes the federation of any such societies;]

(e) 'Collector' means the Collector of a district and includes a
Revenue Divisional Officer, a Deputy Collector, a Sub-Collector and
an Assistant Collector;

(f) 'committee' means the Andhra Pradesh Sugarcane Advisory
Committee constituted under section 3;

(g) 'council' means the Cane Development Council constituted
under section 5;

¹. Added by the Act No.4 of 1967, S.2.

². Substituted by the Act No.4 of 1967, S.3.

³. Now see the provision of the Companies Act, 2013 (Central Act No.18 of 2013).

⁴. Substituted by the Act No.25 of 1976, S.2.

(h) 'crushing season' means the period beginning on the 15th November in any year and ending on the 30th April next following or any other period notified by the Cane Commissioner in consultation with the council in respect of any particular factory¹[or khandasari unit];

(i) 'factory' means any premises, including the precincts thereof, wherein twenty or more workers are working or were working on any day during the preceding twelve months and in any part of which any manufacturing process connected with the production of sugar by means of vacuum pans is being carried on with the aid of mechanical power;

(j) 'factory zone' means an area assigned to a factory under section 15;

(k) 'Government' means the State Government;

² [(kk) 'khandasari sugar' means sugar produced by open-pan process in a khandasari unit from sugarcane juice, or from rab or gur or both, containing more than eighty per cent sucrose;]

³ [(kkk) 'khandasari unit' means a unit which is engaged or ordinarily engaged in the manufacture or production of khandasari sugar and which is capable of handling sugarcane juice produced with the aid of a crusher driven by any mechanical power; and includes such other unit engaged or ordinarily engaged in the manufacture or production of gur or rab;]

(l) 'notification' means a notification published in the Andhra Pradesh Gazette;

(m) 'occupier of a factory' means the person who, or the authority which, has the ultimate control over the affairs of the factory, and where the said affairs are entrusted to a secretary, manager, managing director, operative director or managing agent, such secretary, manager, managing director, operative director or managing agent shall be deemed to be the occupier of the factory;

⁴ [(mm) 'owner of a khandasari unit' means the person who, or the authority which, owns or has the ultimate control over the affairs of the khandasari unit and where the said affairs are entrusted to the Secretary, Manager or Managing Director, such Secretary, Manager or Managing Director shall be deemed to be the owner of the khandasari unit;]

(n) 'prescribed' means prescribed by rules made under this Act.

3. Constitution of the committee - (1) As soon as may be after the commencement of this Act, the Government shall, by notification, constitute a committee for the State to be called the Andhra Pradesh Sugarcane Advisory Committee.

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

⁵ [(a) the Ministers in charge of Sugar, Agriculture, Industries;]

(b) the Heads of Departments of Agriculture, Industries and Co-operation,

⁶ [(bb) the Director of Sugars, Andhra Pradesh and the Managing Director of the Nizam Sugar Factory;]

¹. Added by the Act No.4 of 1967, S.3.

². Inserted by the Act No.4 of 1967, S.3.

³. Substituted by the Act No.25 of 1976, S.2.

⁴. Inserted by the Act No.4 of 1967, S.3.

⁵. Substituted by the Act No.12 of 2007, S.2.

⁶. Inserted by the Act No.25 of 1976, S.3

(c) the Cane Commissioner,

(d) seven persons from among persons representing the factories, nominated by the Government in consultation with the South Indian Sugar Mills Association and such other representative body as the Government may think fit, provided that no two members shall be from the same district.

¹[(e) two persons from among persons representing the khandasari units, nominated by the Government;

(f) nine persons from among the cane growers nominated by the Government.]

(3) ²[The Director of Marketing, the Sugarcane Specialist, the Deputy Cane Commissioner, the Deputy Director of Agriculture (Sugarcane Development), Anakapalli, the Chief Engineer for Panchayati Raj, the Chief Engineer for Roads and Buildings and the Chief Engineer for Public Health] shall have the right to speak in and otherwise to take part in the proceedings of any meeting of the committee, but shall not by virtue of this sub-section be entitled to vote at any such meeting.

(4) The Deputy Cane Commissioner shall be ex-officio the secretary of the committee.

³[(5) The Minister in charge of ⁴[Sugar] shall be the Chairman of the Committee, ex-officio. In his absence, such other Minister as may be nominated by him shall preside at a meeting of the Committee. If all the Ministers are absent, such member of the Committee whom the Minister in charge of ⁴[Sugar] has nominated in this behalf, shall preside at any such meeting.]

(6) The term of the committee shall be three years but the Government may, if they are satisfied that it is necessary to do so, by order dissolve the committee before the expiry of its term.

(7) When the committee is dissolved, all the members referred to in clauses (d) and (e) of sub-section (2) shall vacate their offices on the date specified in the order but without prejudice to their eligibility for re-nomination as members and the new committee shall be reconstituted within three months of its dissolution by the Government in accordance with the provisions of sub-section (2).

4. Functions of the committee - The committee shall advise the Government on the following matters, namely :-

(a) the regulation of supply and purchase of cane for factories ⁵[and ⁵[and khandasari units];

(b) the varieties of cane which are suitable or unsuitable for use in factories ⁶[and khandasari units];

(c) the maintenance of healthy relations between occupiers of factories, ⁷ [owners of Khandasari units,] cane growers, cane growers' co-operative Societies and councils;

(d) such other matters as may be prescribed;

5. Constitution of Council - (1) For each factory zone, the Cane Commissioner shall, by notification, constitute a Cane Development Council which shall be a

¹. Substituted by the Act No.4 of 1967, S.4.

². Substituted by the Act No.25 of 1976, S.3.

³. Substituted by the Act No.25 of 1976, S.3.

⁴. Substituted by the Act No.12 of 2007, S.2.

⁵. Added by the Act No.4 of 1967, S.5.

⁶. Added by the Act No.4 of 1967, S.5.

⁷. Inserted by the Act No.4 of 1967, S.5.

body corporate by the name of the factory zone for which it is constituted, having perpetual succession and a common seal with power to acquire, hold and dispose of property and to enter into contracts, and may by its corporate name sue and be sued:

Provided that the Cane Commissioner may with the approval of the Government constitute a council for an area which is larger or smaller than a particular factory zone.

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

(a) a Chairman nominated by the Cane Commissioner with the approval of the Government from among persons residing in the factory zone;

(b) four persons nominated by the Cane Commissioner of whom two shall be from among the persons managing the affairs of the factory and two shall be from among the cane growers who supply cane to the factory.

(3) The Secretary to the Zilla Parishad, the District Agricultural Officer, the Superintendent of the Local Sugarcane Farm, the Sugarcane Specialist, the Sugarcane Inspector of the factory, the Deputy Registrar of Co-operative Societies, ¹[the Executive Engineer, Panchayati Raj, the Executive Engineer, Roads and Buildings and the Executive Engineer, Public Health] shall have the right to speak in and otherwise to take part in the proceedings of any meeting of the council, but shall not by virtue of this sub-section be entitled to vote at any such meeting.

(4) The Sugarcane Inspector of the factory shall be ex-officio secretary of the council.

(5) The term of the council shall be three years and upon its expiry, the council shall be reconstituted in accordance with the provisions of sub-section (2):

Provided that if the Cane Commissioner is satisfied that it is necessary so to do, he may, with the approval of the Government, by order dissolve the council before the expiry of its term:

Provided further that the Cane Commissioner shall not pass any such order unless the council has had an opportunity of making its representations.

(6) When a council is dissolved, the following consequences shall follow:-

(a) all the members shall vacate their offices on the date specified in the order but without prejudice to their eligibility for renomination as members;

(b) the council shall be reconstituted within three months of its dissolution by the Cane Commissioner in accordance with the provisions of sub-section (2);

(c) the powers and functions of the council shall, pending its reconstitution, be exercised and performed by the secretary subject to such restrictions as may be specified in the order.

(7) The Cane Commissioner may, with the approval of the Government, remove any member of the council, including the Chairman, from his office after recording the reasons in writing for such removal:

Provided that the order removing a member shall not be passed by the Cane Commissioner unless such member has had an opportunity of making his representations.

6. Functions of the council - (1) The functions of the council shall be--

¹ Substituted by the Act No.25 of 1976, S.4.

¹[(a) to consider and approve the programme of development for the factory zone, with the funds at the disposal of the council;]

(b) to device ways and means for the execution of the development plan in all its essentials such as cane varieties (including ratoons), rotation, cane seed, sowing programme, fertilizers and manures:

²[(c) to recommend to the ³[Zilla Praja Parishad], the municipality concerned or the Public Works Department (Roads and Buildings) as the case may be, the undertaking of the construction and improvement of roads leading to sugarcane areas in the factory zone from out of the funds specially allotted by the Government for the purpose;]

(d) to take necessary steps for the prevention and control of cane diseases and pests and to render all possible help for the development of cane;

(e) to impart technical training to cultivators in matters relating to the production of cane;

(f) to administer the funds at its disposal for the execution of the development scheme;

(g) to lay down the general principles in regard to the issue of orders regulating the cutting of cane and to decide disputes relating thereto on receipt of complaints from the cane growers;

(h) to perform other prescribed functions pertaining or conducive to the general improvement of the factory zone.

⁴[(2) The Government may, by rules made in this behalf, provide for the conduct of a joint meeting of all or any of the councils in a district and for the procedure to be followed thereat.]

7. Casual Vacancy in the council - A casual vacancy in the council shall be filled up, as far as may be, in the manner provided in sub-section (2) of section 5 for the unexpired term of the member whose place has fallen vacant.

8. Council Fund - (1) There shall be a fund at the disposal of the council to meet the charges in connection with the performance of its functions under this Act.

(2) The fund of the council shall consist of--

(a) grants, if any, ⁵[made by the Central Government or the State Government];

(b) contributions made by the factories, cane growers and cane growers' co-operative societies ⁶ [at such rates as may be prescribed];

(c) any other sums which the Government may require to be credited to it.

9. Appointment of Cane Commissioner - (1) The Director of Agriculture shall ex-officio be the Cane Commissioner for the purposes of this Act, provided that the Government may at any time appoint any other officer or person to be the Cane Commissioner.

(2) The Cane Commissioner shall exercise and perform the powers and functions conferred or imposed upon him by or under this Act.

¹. Substituted by the Act No.25 of 1976, S.5.

². Substituted by the Act No.25 of 1976, S.5.

³. Substituted by the Act No.41 of 2006, S.3.

⁴. Substituted by the Act No.25 of 1976, S.5.

⁵. Substituted by the Act No.25 of 1976, S.6.

⁶. Substituted by the Act No.25 of 1976, S.6.

10. Appointment of Deputy Cane Commissioner - (1) The Government may appoint an officer with experience in cane to be the Deputy Cane Commissioner for the purposes of this Act.

(2) A Deputy Cane Commissioner shall exercise such powers and discharge such functions of the Cane Commissioner as the Government may direct or as the Cane Commissioner may delegate to him.

11. Inspectors - (1) The Government or any authority or officer empowered by them may, for the purposes of this Act, appoint those persons or officers of the Government who in the opinion of the Government or the authority or officer so empowered possess knowledge and experience in cane to be Inspectors within such local limits as may be assigned to them.

(2) The Inspectors shall perform the functions and exercise the powers imposed or conferred upon them by or under this Act.

12. Estimate of cane required by a factory and fixation of minimum quantity of cane to be crushed - (1) The Cane Commissioner may, for the purposes of section 15, by order, require the occupier of any factory to furnish to him in the manner and on the date ¹[XXXX] specified in the order an estimate of the quantity of cane required by the factory during any crushing season.

(2) The Cane Commissioner shall examine every such estimate in consultation with the council concerned and shall publish the same with such modifications, if any, as he may make. He shall also make an order fixing in the prescribed manner the minimum quantity of cane to be crushed by the factory during the season.

13. Register of cane growers and cane growers' co-operative societies - ²[(1) The occupier of a factory shall maintain in the prescribed form a register of all cane growers who sell cane to that factory in accordance with the provisions of section 15 and sub-section (1-A) of section 16. A copy of the entries made in the register shall be forwarded to the council and to the Sugarcane Inspector, not later than the 30th September of each year.]

(2) The Government may make rules to provide for--

(a) the correction of entries made in the register and the addition of new entries, if necessary,

(b) The supply of copies of entries made in the register on payment of the prescribed fee.

14. Power of survey, etc.- (1) If, in the opinion of the Cane Commissioner, it is necessary for the purposes of section 15 that a survey of the area from which a cane grower supplies cane to a factory should be made, he may by order provide for a survey of such area to be made in such manner and by such officers as may be prescribed.

(2) (a) The cost of survey under sub-section (1) shall be recovered in such proportion as may be prescribed from--

(i) the occupier of the factory;

(ii) the cane grower; ³[XXXX]

⁴[XXXX]

¹. Omitted by the Act No.25 of 1976, S.7.

². Substituted by the Act No.25 of 1976, S.8.

³. The word "and" omitted by the Act No.25 of 1976, S.9.

⁴. item (iii) omitted by the Act No.25 of 1976, S.9.

(b) Any amount due from the occupier of a factory or a cane grower towards the cost of survey shall be recoverable as an arrear of land revenue.

15. Declaration of factory zone - The Cane Commissioner may, after consulting the factory and the council concerned, by order declare any area as the factory zone for the purposes of supply of cane to the factory ¹[during five crushing seasons immediately following the date of the order] and may, likewise at any time, cancel such order or alter the boundaries of the area so declared:

Provided that the villages from which cane was being supplied to the factory during the five crushing seasons ²[ending with the crushing season immediately preceding the date of the order] shall be included in the factory zone of that factory, the order of priority in the selection of villages being based on the maximum number of years of supply by each such village.

16. Regulation of supply and purchase of cane in factory zone - (1) Where an area has been declared as the factory zone for a factory, ³[the occupier of such factory shall, save as otherwise provided in sub-section (1-A), purchase] such quantity of cane grown in that area and offered for sale to the factory as may be determined by the Cane Commissioner in accordance with the provisions of the Schedule.

⁴[(1-A) The occupier of a co-operative factory shall, notwithstanding anything to the contrary in the Schedule and notwithstanding that an area has been declared as the factory zone for the said factory, purchase in accordance with the bye-laws of the factory, such quantity of cane as may be required by the factory and offered for sale by the members of the said factory, whether they grow cane within or outside the factory zone ⁵[after obtaining the prior permission of the Cane Commissioner on furnishing him such particulars as may be prescribed.]]

(2) No cane grower in a factory zone shall sell or supply cane to any factory or other person otherwise than in accordance with the provisions of the Schedule.

⁶[(2-A) No person other than the occupier of a factory for which a factory zone has been declared shall purchase cane in the factory zone otherwise than in accordance with the provisions of the Schedule.]

(3) The Government may, by notification, alter, add to or cancel the schedule:

Provided that no such notification shall take effect unless it is laid on the Table of the Legislative Assembly.

17. Appeal - An appeal shall lie to the Government against any order passed by the Cane Commissioner under this Act.

18. Revision - The Government may, at any time either suo-motu or on application made to them, call for and examine the records relating to any decision or order passed or proceeding taken by any authority or officer subordinate to them under this Act for the purpose of satisfying themselves as to the legality or propriety of such decision or order or as to the regularity of such proceeding and pass such order in reference thereto as they think fit:

¹. Substituted by the Act No.25 of 1976, S.10.

². Substituted by the Act No.25 of 1976, S.10.

³. Substituted by the Act No.3 of 1970, S.2.

⁴. Inserted by the Act No.3 of 1970, S.2.

⁵. Added by the Act No.25 of 1976, S.11.

⁶. Inserted by the Act No.25 of 1976, S.11.

Provided that the Government shall not pass any order prejudicial to any party unless he has had a reasonable opportunity of making his representations.

19. Payment of cane price - (1) The occupier of a factory ¹[or owner of a khandasari unit] shall make suitable provision to the satisfaction of the Cane Commissioner for the payment of the price of cane supplied to the factory.

(2) Upon the delivery of cane, the occupier of a factory ¹[or owner of a khandasari unit] shall be liable to pay within fourteen days from the date of such delivery the price of cane so supplied.

²[(2-A) The price of the cane remaining unpaid on the expiration of the period specified in sub-section (2) shall carry interest at fifteen percent per annum from the date of delivery of cane and it shall be recovered as an arrear of land revenue.]

(3) ³[If any occupier of a factory or the owner of a khandasari unit fails to pay the price of the cane sold to him in accordance with the provisions of sub-section (2) or the interest payable under sub-section (2-A), he shall, in addition to the said price or the interest] being recovered from him as an arrear of land revenue, be liable to the penalty provided for under clause (b) of sub-section (4) or section 3 of the Essential Commodities Act, 1955 (Central Act 10 of 1955), as if he has contravened a direction issued under that clause.

⁴[(4) Without prejudice to the provisions of the foregoing sub-sections, where the occupier of a factory or the owner of a khandasari unit or any other person competent in that behalf, enters into an agreement with a bank under which the bank agrees to give advance to him on the security of sugar produced or to be produced in the factory or khandasari unit, the said occupier, owner or other person, as the case may be shall provide in such agreement that such percentage, which shall not be less than fifty per cent of the total amount of advance, as may be prescribed, shall be set apart and be available only for payment to cane growers or other co-operative societies on account of the quantity of sugarcane purchased or to be purchased for the factory or khandasari unit during the current crushing season from those cane growers or from or through those societies and interest thereon and such societies, commission in respect thereof.

(5) Every such occupier, owner or other person as aforesaid shall send a copy of every such agreement to the Collector and Cane Commissioner within a week from the date on which it is entered into.]

20. Power to declare varieties of cane as unsuitable for use in factories ⁵[or Khandasari units] - (1) The Cane Commissioner may, by order, declare that --

(a) cane of any variety grown in any area specified in such order is unsuitable for use in all or any of the factories ⁶[or the Khandasari units] situated in the said area;

(b) ratoon cane of any variety grown in any area specified in such order is unsuitable for use in all or any of the factories ⁷[or the Khandasari units] situated in the said area;

¹ Inserted by the Act No.25 of 1976, S.12.

² Inserted by the Act No.25 of 1976, S.12.

³ Substituted by the Act No.25 of 1976, S.12.

⁴ Added by the Act No.25 of 1976, S.12.

⁵ Added by the Act No.4 of 1967, S.6.

⁶ Inserted by the Act No.4 of 1967, S.6.

⁷ Inserted by the Act No.4 of 1967, S.6.

(c) seed cane of any variety is unsuitable for distribution to cultivators in any area specified in such order.

(2) The order under sub-section (1) shall be issued before the 31st October in any calendar year:

Provided that the Cane Commissioner may for reasons to be specified therein issue the order in respect of any particular ¹[factory or Khandasari unit] on any other date which he considers suitable in the case of such ²[factory or Khandasari unit].

(3) Where any seed cane of any variety has been declared under sub-section (1) to be unsuitable for distribution to cultivators in any area, the occupier of a factory or any other person acting on his behalf or a cane grower or cane growers' co-operative society shall not distribute seed cane of such variety to any person to be used by cane growers or members of cane growers' co-operative societies in any area.

(4) Where cane or ratoon cane of any variety has been declared under sub-section (1) to be unsuitable ³[for use in a factory or a Khandasari unit], the occupier of such factory or the owner of such khandasari unit] any other person acting on his behalf or a cane grower or a cane growers' co-operative society shall not plant cane of any such variety or keep ratoon cane of any such variety.

21. Levy of tax on purchase of cane :- ⁴[(1) The Government may, by notification, levy a tax at a rate not exceeding ⁵[one hundred rupees] per metric tonne on the purchase of cane required for use, consumption or sale in a factory or a khandasari unit.

(1-A) XXXX]

(2) The Government may, by notification, remit in whole or in part such tax in respect of cane used or intended to be used in a factory ⁶[or Khandasari unit] for any purpose specified in such notification.

⁷[(3) Notwithstanding anything in any other law for the time being in force, force, any sum due to the Government towards the purchase tax levied under this section shall be a first charge on the sugar produced out of cane already subject to purchase tax. No occupier of a factory or owner of a khandasari unit shall remove or cause to be removed any sugar produced in the factory or khandasari unit on or after the date specified by the Cane Commissioner in this behalf, either for consumption or for sale or for manufacture of any other commodity in or outside the factory or khandasari unit, until he has paid such sum:

Provided that such sugar may be deposited without payment of any such sum in a godown or other place of storage approved by the assessing authority and where it is so deposited it shall not be removed therefrom until the sum as aforesaid has been paid.

(3-A) Before the beginning of each crushing season or as soon thereafter as may be, and in the case of crushing season beginning on the date of commencement of the Andhra Pradesh Sugarcane (Regulation of Supply and Purchase) (Amendment) Act, 1976, as soon as may be after such commencement, the assessing authority shall work out and specify the provisional amount of tax calculated per metric tonne of sugar under sub-section (1), by correlating the quantity of sugarcane purchased for the factory

¹. Substituted by the Act No.4 of 1967, S.6.

². Substituted by the Act No.4 of 1967, S.6.

³. Substituted by the Act No.4 of 1967, S.6.

⁴. sub-section (1-A) inserted by the Act No.4 of 1967, S.7, For sub-section (1) and (1-A) sub-section (1) substituted by the Act No.8 of 1974, S.2.

⁵. Substituted by the Act No.10 of 1995, S.2.

⁶. Inserted by the Act No.4 of 1967, S.7.

⁷. Substituted by the Act No.25 of 1976, S.13.

or khandasari unit to the sugar produced in the factory or khandasari unit during the last preceding crushing season in which the factory or khandasari unit was under production.

Explanation I.- If the factory or khandasari unit was under production during only a part of any such previous crushing season, it shall be sufficient to take into consideration that part of the crushing season during which the factory or khandasari unit was actually under production.

Explanation II.- If the factory or khandasari unit had not commenced production before the crushing season for which the provisional assessment is made, then the assessing authority may specify the provisional amount of tax on the basis of comparable data relating to other factories or khandasari units, if any, in the same region or of any other relevant factor.

(3-B) At the end of the crushing season, the assessing authority shall work out and specify a revised amount of tax to be paid, by taking into account the quantity of sugarcane purchased for the factory or khandasari unit and the sugar produced in the factory or khandasari unit during the current crushing season, and where the amount is reduced or increased on such revision, the excess paid or the deficit, as the case may be, shall be spread over the remaining stock of the said sugar, and the amount to be paid before removal of such stock of sugar shall be refixed accordingly; and if no such sugar remains in stock, then the owner shall be entitled to a refund or liable to pay the balance, as the case may be.

(3-C) If at any time it appears to the assessing authority that a part of the stock of the said sugar has been removed, or is for any other reason no longer available, and the payment towards tax due against such part under this section has not been made, the assessing authority may direct the deficit to be recovered by spreading it over the sugar in stock at that time.

(3-D) In relation to the tax levied under sub-section (1) and in respect of purchase of sugarcane on or after the date of commencement as aforesaid,-

¹[(a) sub-sections (4) and (5) shall apply from the date of purchase of sugarcane from the growers;]

(b) sub-section (3-C) shall apply with the modification that where the assessing authority is satisfied that the occupier of a factory or owner of a khandasari unit has removed or caused to be removed any sugar in contravention of the provisions of this section or has failed to account fully for the sugar produced in the factory or khandasari unit or deposited by him under the proviso to sub-section (3) the person liable to pay the tax shall in addition to the amount payable under sub-section (3) in respect of the quantity of sugar so removed or caused to be removed or unaccounted for, be also liable to pay by way of penalty a further sum not exceeding one hundred per cent of the sum so payable;

(c) the provisions of this sub-section shall be without prejudice to the provisions of sub-section (3-C)]

(4) The tax payable under sub-section (1) ²[XXXX] shall be levied and collected from the occupier of the factory ³[or owner of the Khandasari unit] in such manner and by such authority as may be prescribed.

(5) Arrears of tax shall carry interest ⁴[at such rate as may be prescribed].

(6) If the tax under this section together with the interest, if any, due thereon, is not paid by the occupier of a factory ⁵[or owner of Khandasari Unit]

¹ Substituted by the Act No.6 of 2000, S.2.

² The words "or sub-section (1-A)" inserted by the Act No.4 of 1967, S.7, was omitted by the Act No.8 of 1974, S.2.

³ Inserted by the Act No.4 of 1967, S.7.

⁴ Substituted by the Act No. 25 of 1976, S.13.

⁵ Inserted by the Act No.4 of 1967, S.7.

within the prescribed time, it shall be recoverable from him as an arrear of land revenue:

¹[Provided that the total amount due as tax under this section together with interest, if any, due thereon shall be communicated under the signature of the Cane Commissioner to the Collector for its recovery as an arrear of land revenue.]

(2) Where the appellate authority is of opinion that any tax has been short-levied, no order enhancing the tax shall be made unless the appellant has been given notice to show cause, within one month from the date of communication thereof, against the proposed order.

(3) The Government may, on the application of any person aggrieved by any order made under sub-section (1) or sub-section (2), cancel or modify such order, if such application is made within sixty days from the date of the communication to him of the order made under sub-section (1) or sub-section (2), as the case may be.

(4) The decision of the Government and subject to the decision of the Government, the decision of the appellate authority, shall be final.

²[21-A. Finality of levy of tax - (1) Any occupier of a factory or owner of a khandasari unit who is aggrieved by the levy of tax made in pursuance of section 21 may, within thirty days of the communication to him of the order levying the tax, appeal to such authority as the Government may, by notification, appoint in this behalf, for the cancellation or modification of the levy of tax and on such appeal, the said authority may cancel or modify the tax and order the refund to such occupier or owner of the whole or part, as the case may be, of the amount paid thereunder:

Provided that the authority so appointed shall not be inferior in rank to the authority by which the tax was levied.

(2) Where the appellate authority is of opinion that any tax has been short-levied, no order enhancing the tax shall be made unless the appellant has been given notice to show cause, within one month from the date of communication thereof, against the proposed order.

(3) The Government may, on the application of any person aggrieved by any order made under sub-section (1) or sub-section (2), cancel or modify such order, if such application is made within sixty days from the date of the communication to him of the order made under sub-section (1) or sub-section (2), as the case may be.

(4) The decision of the Government and subject to the decision of the Government, the decision of the appellate authority, shall be final.]

22. Determination of occupier of factory ³[or owner of Khandasari unit] for the purposes of this Act - (1) Where the occupier of a factory ⁴[or owner of a Khandasari Unit] is a firm or other association of individuals, any one or more of the partners or members thereof may be prosecuted and punished under this Act for any offence for which the occupier of the factory ⁵[or owner of the Khandasari Unit] is punishable:-

Provided that the firm or association may give notice to the Collector and the Cane Commissioner that it has nominated one of its partners or members to be occupier of the factory ⁶[or owner of the Khandasari Unit] for the purposes of this Act, and such individual shall be deemed to be the occupier of the factory ⁷[or owner of the Khandasari Unit] for the purposes of this Act until

¹ Added by the Act No. 25 of 1976, S.13.

² Inserted by the Act No.4 of 1967, S.8.

³ Inserted by the Act No.4 of 1967, S.9.

⁴ Inserted by the Act No.4 of 1967, S.9.

⁵ Inserted by the Act No.4 of 1967, S.9.

⁶ Inserted by the Act No.4 of 1967, S.9.

⁷ Inserted by the Act No.4 of 1967, S.9.

further notice cancelling his nomination is received by the Collector and the Cane Commissioner or until he ceases to be a partner or member of the firm or association, as the case may be.

(2) Where the occupier of a factory ¹[or owner of a Khandasari Unit] is a company or a co-operative society, any one or more of the directors thereof or, in the case of a private company, any one or more, of the shareholders thereof, may be prosecuted and punished under this Act for any offence for which the occupier of the factory ²[or owner of the Khandasari Unit] is punishable:

Provided that the company or cooperative society may give notice to the Collector and the Cane Commissioner that it has nominated a director, and a private company may give notice to the said officers that it has nominated a shareholder, to be the occupier of the factory ³[or owner of the Khandasari Unit] for the purposes of this Act and such director or shareholder shall be deemed to be the occupier of the factory ⁴[or owner of the Khandasari Unit] for the purposes of this Act until further notice cancelling his nomination is received by the Collector and the Cane Commissioner or until he ceases to be a Director or shareholder as the case may be.

23. Penalties - (1) If any occupier of a factory contravenes the provisions of--

- (a) section 12;
- (b) sub-section (1) of section 13;
- (c) any rule made under sub-section (2) of section 13; or
- (d) sub-section (1) of section 16;
- ⁵[(e) sub-sections (2-A), (4) and (5) of section 19;
- (f) sub-section (3) of section 21;]

he shall be punishable with fine which may extend to rupees five thousand and in the case of a continuing contravention, with a further fine not exceeding rupees one thousand for each day during which the contravention continues.

(2) Any person who contravenes the ⁶[provisions of sub-section (2) or sub-section (2-A) of section 16 shall be punishable with fine which shall not be less than rupees one thousand and which shall not exceed rupees two thousand and any person who contravenes the provisions of] sub-section (3) or sub-section (4) of section 20, shall be punishable with fine which may extend to rupees two thousand.

(3) Any person contravening any of the provisions of this Act or of any rule or order made under this Act for which no penalty is provided in sub-section (1) or sub-section (2) shall be punishable with fine which may extend to rupees five hundred.

⁷[23-A. Confiscation of vehicles and weigh bridges - Where in any case tried by the Court, the Magistrate decides that the vehicle or weigh bridge is liable to confiscation, he shall order confiscation of such vehicle or weigh bridge:

Provided that if the vehicle or weigh bridge is not the property of the offender, it shall not be confiscated if the owner thereof had no reason to believe that such offence was being or was likely to be committed.]

24. Institution of proceedings - (1) No court shall take cognizance of an offence punishable under this Act or any rule or order made thereunder except

¹ Inserted by the Act No.4 of 1967, S.9.

² Inserted by the Act No.4 of 1967, S.9.

³ Inserted by the Act No.4 of 1967, S.9.

⁴ Inserted by the Act No.4 of 1967, S.9.

⁵ Inserted by the Act No. 25 of 1976, S.14.

⁶ Substituted by the Act No.25 of 1976, S.14.

⁷ Inserted by the Act No.25 of 1976, S.15.

upon a complaint in writing made by the Cane Commissioner or any authority or officer authorised by him in this behalf.

(2) No court inferior to the court of the magistrate of the first class shall take cognizance of, or try, an offence under this Act or any rule or order made thereunder.

25. Composition of offences - On the application of a person accused of an offence under this Act or any rule or order made thereunder, the Cane Commissioner or any authority or officer authorised by him in this behalf may, at any stage, compound such offence by levying composition fee not exceeding rupees five thousand.

26. Special powers of magistrates - Notwithstanding anything in ¹[section 32 of the Code of Criminal Procedure, 1898 (Central Act 5 of 1898),] it shall be lawful for a magistrate of the first class specially empowered by the Government in this behalf and trying any offence under this Act or any rule or order made thereunder to pass a sentence of fine not exceeding five thousand rupees on any person convicted for such offence.

27. Protection of acts done in good faith - (1) No suit, prosecution or other legal proceeding shall lie against any person for anything which is in good faith done or intended to be done in pursuance of any provision of this Act or any rule or order made thereunder.

(2) No suit or other legal proceedings shall lie against the Government for any damage caused or likely to be caused by anything which is in good faith done or intended to be done in pursuance of any provision of this Act or of any rule or order made thereunder.

28. Power to make rules - (1) The Government may by notification, make rules to carry out the purposes of this Act.

(2) Without prejudice to the generality of the foregoing power, such rules may provide for--

- (a) the constitution of the committee and the council;
- (b) the dissolution and reconstitution of the committee and the council and other matters incidental thereto;
- (c) the procedure to be followed for removal of members of the council;
- (d) the procedure to be followed by the committee and the council for the conduct of business at meetings;
- (e) the manner of summoning of the ²[joint meeting of the councils] under section 6, the business to be transacted at such meeting and the procedure for the transaction of such business;
- (f) the manner in which the accounts of the fund placed at the disposal of the council under section 8 shall be maintained and the application of and payment from such fund;
- (g) the directions to be issued by the Government to the committee and the council for carrying out the purposes of this Act;
- (h) the powers and functions of the Cane Commissioner;
- (i) the matters relating to the appointment and conditions of service of the Deputy Cane Commissioner and Inspectors to be appointed under sections 10 and 11 and their powers and functions;

¹. See now section 32 of the Code of Criminal Procedure, 1973 (Central Act 2 of 1974).

². Substituted by the Act No.25 of 1976, S.16.

- (j) the time within which applications and appeals may be presented under this Act; in cases for which no specific provision in that behalf has been made in this Act;
- (k) the fees to be paid in respect of applications and appeals under this Act;
- (l) the form of agreement to be entered into under the provisions of this Act and the penalty to be paid for breach of any condition of the agreement;
- (m) the supervision and control to be exercised over the council and the audit of its accounts;
- (n) the correct weighment of cane and the provision of facilities for weighment and for checking weighments;
- (o) the provision of approach roads, parking space for carts bringing cane to factories, sheds for bullocks and cart-drivers, water troughs for bullocks and other ancillary matters;
- (p) notwithstanding anything in the Industrial Disputes Act, 1947 (Central Act 14 of 1947), the Andhra Pradesh (Andhra Area) Co-operative Societies Act, 1932 (Act 6 of 1932) and the Andhra Pradesh (Telangana Area) Co-operative Societies Act, 1952 (Act 16 of 1952) the reference to the Cane Commissioner of disputes--
 - (i) regarding the supply and purchase of cane between a factory and a cane grower or a cane growers' co-operative society or between members of a cane growers' co-operative society and the society;
 - (ii) between the council and a cane growers' co-operative society or a factory or a cane grower regarding the payment of contribution to the council by the society, factory or cane grower;
 - (iii) relating to any other business of the council; for decision or, if he so directs, to arbitration, the mode of appointing arbitrator, the procedure to be followed before the Cane Commissioner or the arbitrator and the enforcement of the decision of the Cane Commissioner or the award of the arbitrator;
- (q) the form of the statements, returns, registers and other records required to be furnished or maintained by or under this Act;
- (r) the form and the manner in which applications shall be made by or under this Act;
- (s) the duties of any officer or authority having jurisdiction under this Act and the procedure to be followed by such officer or authority;
- (t) the matters which are to be or may be prescribed.

¹[(2-A) Any rule under this Act may be made with retrospective effect and when such a rule is made, the reasons for so making the rule shall be specified in a statement to be laid before both Houses of the State Legislature.]

(3) Every rule made under this section shall be laid, as soon as may be after it is made, before each House of the State Legislature while it is in session for a total period of fourteen days which may be comprised in one session or in two successive sessions and if before the expiry of the session in which it is so laid or the session immediately following, both the Houses agree in making any modification in the rule or both the Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of

¹. Inserted by the Act No.25 of 1976, S.16.

no effect, as the case may be; so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

29. Repeal and savings - (1) The Andhra Pradesh (Andhra Area) Sugar Factories Control Act, 1949 (Act XX of 1949), The Andhra Pradesh (Telangana Area) Sugar Cane Cess Act, 1953 (Act IX of 1953), and the Madras Sugar Factories Control Act, 1949 (Madras Act XX of 1949) as in force in the territories specified in the First Schedule to the Andhra Pradesh and Madras (Alteration of Boundaries) Act, 1959 (Central Act 56 of 1959), are hereby repealed:

Provided that such repeal shall not affect the previous operation of the Acts so repealed or any right, title, obligation or liability already acquired, accrued or incurred thereunder and subject thereto anything done or any action taken in exercise of any power conferred by or under the Acts so repealed, shall be deemed to have been done or taken in the exercise of the powers conferred by or under this Act, as if this Act were in force on the date on which such thing was done or action was taken.

(2) Notwithstanding anything in sub-section (1),--

(a) the Advisory Committee constituted under Act XX of 1949 so repealed shall continue to exercise all powers and perform all functions conferred or imposed on it by or under this Act, until a committee is constituted in accordance with the provisions of this Act;

(b) any application, appeal or other proceeding made or preferred to any officer or authority under the Acts so repealed and pending at the commencement of this Act shall, after such commencement, be transferred to and disposed of by the officer or authority who would have had jurisdiction to entertain such application, appeal or proceeding under this Act if this Act had been in force on the date on which such application, appeal or proceeding was made or preferred.

30. Validation - Any order made by the Government before the commencement of this Act remitting the cess leviable under the provisions of the Andhra Pradesh (Telangana Area) Sugarcane Cess Act, 1953 (Act IX of 1953), shall for all purposes, be deemed to be valid as if such order had been made under sub-section (2) of section 21.

31. Power to remove difficulties - If any difficulty arises in giving effect to the provisions of this Act in consequence of the transition to the said provisions from the provisions of the Acts so repealed, the Government may, by order published in the Andhra Pradesh Gazette, give such directions not inconsistent with the purposes of this Act or make such adaptations or modifications of this Act not affecting the substance as appear to them to be necessary or expedient for removing the difficulty.

SCHEDULE
(Section 16)

1. (1) Every occupier of a factory shall, in the matter of acceptance or purchase of cane for use in the factory, observe the following order of priority, namely:--

(a) the cane cultivated on the land owned or taken on lease by the factory concerned:

Provided that the cane cultivated in any land acquired or taken on lease by the factory after the commencement of this Act shall be treated as cane supplied by any other grower mentioned in sub-item (iv) of item (b) for purposes of priority;

(b) the cane supplied by the following in the order indicated below:-

(i) experimental stations of the Government,

(ii) liaison farms,

(iii) Observation plots,

(iv) cane growers whose names are entered in the register maintained under sub-section (1) of section 13 (hereinafter referred to as 'registered cane growers')

Provided that from among the registered cane growers, the cane growers from whom the factory was having supply of cane for a maximum number of seasons during the five crushing seasons ending with the crushing season for 1960-61 shall be given preference for supplying cane.

¹[XXXX]

(2) Notwithstanding anything in sub-paragraph (1) -

(a) a co-operative factory may take its requirements of cane from its members first in accordance with its bye-laws and take the balance, if any, preferably from non-member cane growers in the factory zone;

(b) a new factory that commences crushing after the commencement of this Act, ²[not being a co-operative factory] may take sixty per cent of its total requirements of cane from its shareholders cultivating cane in the factory zone on a pro rata basis with reference to the amount of share capital paid by each and take the balance from cane growers in the factory zone, each of whom is cultivating cane in not more than one hectare of land (hereinafter referred to as 'small cane growers').

³[1-A. Notwithstanding anything in this Schedule, in the case of a co-operative factory, the members of the factory, whether they grow cane within or outside the factory zone, shall be deemed to be registered cane growers for purposes of this Schedule and shall have priority over the non-member registered cane growers in the matter of sale or supply of cane to the factory:]

⁴[Provided that every such member shall obtain the prior permission of the Cane Commissioner on furnishing him the particulars of cane grown by him outside the factory zone.]

2. Each registered cane grower shall be entitled to supply such quantity of cane as is equivalent to the average quantity supplied by him per crushing

1. Omitted by the Act No.3 of 1970, S.3.

2. Inserted by the Act No.3 of 1970, S.3.

3. Inserted by the Act No.3 of 1970, S.3.

4. Added by the Act No.25 of 1976, S.17.

season during the period of five crushing seasons preceding the one which immediately precedes the relevant crushing season:

Provided that in the case of a registered cane grower who supplied cane to a factory for only a part of the said period of five crushing seasons, the quantity of cane which such registered cane grower is entitled to supply shall be equivalent to one title to the total quantity of cane supplied by him during the part of the period aforesaid.

3. The number of registered cane growers eligible to supply cane to a factory during each crushing season shall be limited depending upon the total quantity of cane that is available for supply to the factory from different sources mentioned in paragraph 1 to meet the average requirements of the factory.

Explanation :- For the purpose of this paragraph, the average requirements of the factory for each crushing season shall be the average of the quantities of cane crushed during the five crushing seasons preceding the relevant crushing season or 140 times the daily crushing capacity of the factory, whichever is less.

4. If the requirements of cane of a factory in any crushing season exceed the quantity of cane that is available for supply to the factory from different sources mentioned in paragraph 1, the additional requirements may be taken from the share-holders of the factory who has grown cane in the factory zone in proportion to the shares held by him with the approval of the Cane Commissioner upto a maximum of fifty percent of the total additional requirements. The balance of requirements has to be taken from the registered cane growers of 5,4,3,2, and 1 year groups in the order of mention who may be having excess cane available. If the full additional requirements are not met from these sources also, the balance of requirements may be taken from new cane growers in the factory zone:

¹[Provided that nothing in this paragraph shall apply in the case of a co-operative factory where its members offer to supply the said additional requirements in accordance with its by-laws.]

5. Any factory which, in the opinion of the Government, is substantially expanded, may take sixty per cent of its additional requirements of cane resulting from such expansion from cane growers in the factory zone, who have subscribed for the expansion by way of loan or share capital, in proportion to the amount of such subscription and take the balance from small cane growers:

6. When a co-operative factory proposes to issue additional shares with a view to expand its crushing capacity, such shares shall be offered first to the members of that factory who own less than seven shares each to enable them to supply cane upto 54 metric tonnes each and the balance of shares, if any, left over shall then be offered in the following order:--

(i) to non-member cane growers situated within a radius of five miles of the factory upto a maximum of three shares each; and

(ii) to other growers in the factory zone.

7. The members of cane growers co-operative society who cultivate cane in a factory zone shall be entitled to supply cane to the factory concerned.

¹. Added by the Act No.3 of 1970, S.3.

8. The Cane Commissioner may grant permission,--

(i) for the purchase of cane grown in a factory zone by any person or factory other than the factory for which such zone has been declared; and

(ii) for the sale of cane grown in a factory zone to any person or factory other than the factory for which such zone has been declared.

9. When a registered cane grower commits a breach of agreement entered into by him with an occupier of a factory for the supply of cane to the factory, his name shall be liable to be removed from the register of cane growers maintained under Section 13 for a period of three crushing seasons and such removal shall be without prejudice to any other action to which he may be liable under this Act.