



KAMARAJ IAS ACADEMY
Only IAS Academy by Grandson of "Perunthalaivar Kamarajar"

Centre Withdraws Draft Amendments to Sugarcane (Control) Order, 1966

Published On: 01-06-2026

The Central Government has withdrawn the proposed Draft Sugarcane (Control) Order, 2026 after facing strong opposition from sugarcane farmers, khandsari and gur manufacturers, state governments, and industry stakeholders. The draft amendments were intended to reform and modernize the sugar sector, but concerns regarding licensing requirements, pricing regulations, and competition in the sugar industry led the government to reconsider the proposal. The Ministry of Consumer Affairs, Food and Public Distribution stated that the draft would be reviewed further after examining stakeholder feedback.



Key Provisions in the Draft Order: ?

One of the major proposals in the draft order was to make it mandatory for gur (jaggery) and khandsari units to obtain licenses and pay the Fair and Remunerative Price (FRP) fixed by the Central Government to sugarcane farmers. Another significant proposal was increasing the minimum distance between two sugar mills from 15 kilometres to 25 kilometres. The government argued that these measures would improve regulation and ensure better payments to farmers. However, stakeholders expressed concerns that the changes could adversely affect small-scale producers and reduce competition in the sector.

Reasons for Opposition:

Farmer organizations and traditional sugar-processing units opposed the draft amendments, arguing that stricter licensing norms would increase compliance burdens on small producers. They also feared that extending the minimum distance norm between sugar mills could limit new investments and reduce competition for sugarcane procurement. Several stakeholders believed that the proposed rules would benefit large sugar mills while affecting the interests of small-scale gur and khandsari producers. Due to widespread objections, the government decided to withdraw the draft proposal.

About the Sugarcane (Control) Order, 1966:

The Sugarcane (Control) Order, 1966 was issued under the Essential Commodities Act, 1955. It regulates various aspects of the sugar industry, including sugarcane pricing, procurement, supply, payment to farmers, and the

Kamaraj IAS Academy

Plot A P.127, AF block, 6 th street, 11th Main Rd, Shanthy Colony, Anna Nagar, Chennai, Tamil Nadu 600040

Phone: **044 4353 9988 / 98403 94477 / Whatsapp : 09710729833**

establishment of sugar mills. The order serves as the legal framework for determining the Fair and Remunerative Price (FRP) of sugarcane and maintaining balance within the sugar sector.

Fair and Remunerative Price (FRP):

The Fair and Remunerative Price (FRP) is the minimum price that sugar mills are legally required to pay sugarcane farmers. It is recommended by the Commission for Agricultural Costs and Prices (CACP) and approved by the Cabinet Committee on Economic Affairs (CCEA). The FRP system replaced the Statutory Minimum Price (SMP) in 2009. For the 2026–27 sugar season, the FRP has been fixed at ₹365 per quintal for a basic sugar recovery rate of 10.25%.

Importance of Gur and Khandsari Sector:

Gur (jaggery) and khandsari are traditional sugar products produced mainly by small and medium-scale units in rural areas. These units consume nearly one-third of India's sugarcane production and provide employment opportunities in sugarcane-growing regions. The sector plays an important role in rural livelihoods and contributes significantly to India's agro-based economy.

Sugar Industry in India:

India is among the world's largest producers of sugar and sugarcane. Major sugarcane-producing states include Uttar Pradesh, Maharashtra, Karnataka, Tamil Nadu, Bihar, and Gujarat. The sugar sector supports the livelihoods of millions of farmers and agricultural workers and is a key component of India's rural economy.