

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:6915
ANSWERED ON:08.05.2015
PRICE STABILIZATION FUND SCHEME
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) the objectives and salient features of the Price Stabilization Fund (PSF) Scheme for the Plantation crops indicating the commodities included thereunder;
- (b) the Corpus of said Fund along with the expenditure incurred therefrom during each of the last three years State/UT-wise;
- (c) the progress made and the success achieved under the said scheme for providing financial relief and mitigating the suffering of the growers/farmers;
- (d) whether the Government has reviewed or proposes to review the said scheme with a view to amend/modify it;
- (e) if so, the details and present status thereof indicating the proposed changes; and
- (f) the time by which the modified scheme is likely to be finalised?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE) (SMT. NIRMALA SITHARAMAN)

(a): The Price Stabilisation Fund Scheme for the Plantation Crops, namely Tea, Coffee and Rubber was set up in 2003 with the objective of providing financial relief to growers on account of fall in the prices of commodities below a specified level. Under the scheme, growers are entitled for financial assistance at the rate of Rs one thousand only when average annual domestic price falls below twenty percent of seven years moving average of international price. The Scheme is based on contribution from the growers and the Government in varying proportions ranging from Rs five hundred to Rs one thousand depending on the year in question being a normal year, distress year or boom year. The Price Stabilisation Fund (PSF) Scheme was launched initially for a period of ten years from April 2003 to March 2013. The extended Scheme period got over on 30.09.2013.

(b): The corpus of Price Stabilisation Fund consists of one time contribution of Rs 435.55 crores received from the government and the growers and stands at Rs 1011.69 crores as on 31.03.2015.

The details of year wise expenditure on account of the schemes implemented from the Price Stabilisation Fund are given below:

(Rs in thousand only)

Year	Price Stabilisation Fund (PSF)	Personal Accident Insurance Scheme (PAIS)	Total
2012-13	266.5	1114.4	1380.9
2013-14	1.50	120.0	121.5
2014-15	#	#	#
Total	308.5	1899.4	2207.9

The total cumulative expenditure on of the above schemes since inception of the Fund is Rs 1.53 crores.

During calendar year 2010, 2011 and 2012 all crops were under "Boom" Category. Therefore, actual utilisation under PSF Scheme remained low.

(c): The PSF 2003 Scheme could not be effective for a number of reasons including: low financial assistance offered, assistance not linked to landholding, stringent criteria for determination of distress and the prices generally ruling high during the implementation period.

(d) to (f): The scheme is being reviewed and is at the final stages of drafting and consultation. The Department of Commerce has done extensive consultations with a view to create an insurance based scheme. It has endeavoured to address all concerns of the PSFT.