

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:4557

ANSWERED ON:21.04.2015

SETTING UP OF PRICE STABILIZATION FUND

Adsul Shri Anandrao ;Boianapalli Shri Vinod Kumar;Patil Shri Shivaji Adhalrao;Teacher Smt. P.K.Sreemathi;Yadav Shri Dharmendra;Yeddyurappa Shri B. S.

Will the Minister of AGRICULTURE be pleased to state:

- (a) whether the Government proposes to establish Rs. 500 crore price stabilization fund to give reprieve to the farmers and consumers from fluctuating prices of agricultural and horticultural products including onion and potato;
- (b) if so, the details thereof;
- (c) the detailed plan chalked out by the Government to utilize this fund during the coming three years;
- (d) whether the States are being involved in this process, if so, the details thereof and the time by which the said fund is likely to be established; and
- (e) whether the Government is considering to procure the agri- cultural and horticultural products directly from the farmers or farmers organizations in mandis, if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI MOHANBHAI KUNDARIA)

(a) to (e): The Department of Agriculture & Cooperation has approved the Price Stabilisation Fund (PSF) as a Central Sector Scheme, with a corpus of Rs.500 crores, to support market interventions for price control of perishable agri-horticultural commodities during 2014-15, 2015-16 and 2016-17. PSF will be used to advance interest free loan to State Governments/ Union Territories and Central agencies to support their working capital and other expenses on procurement and distribution interventions for such commodities. Initially the fund is proposed to be used for onion and potato only.

The Price Stabilization Fund will be managed centrally by a Price Stabilization Fund Management Committee (PSFMC) which will approve all proposals from State Governments and Central Agencies. The PSF will be maintained in a Central Corpus Fund account to be opened by Small Farmers Agri-Business Consortium (SFAC), which will act as Fund Manager. Funds from this Central Corpus will be released in two streams, one to the State Govern- ments/UTs as a one time advance to each State/UT based on its first proposal and the other to the Central Agencies. The Central Corpus Fund has already been established by SFAC in 2014-15.

The one time advance to the States/UTs based on their first proposal along with matching funds from the State/UT will form a revolving fund, which can then be used for all future market interventions to control prices of onions and potatoes based on approvals by State level Committee set up explicitly for this purpose. In case of North Eastern States, the State level corpus will comprise of 75% funds from Centre and 25% from the State. While the advance is returnable, the Central Government will share 50% of losses (75% in case of NE states), if any, at the time of settlement of the advance on 31st March, 2017. The Central Govern- ment likewise also intends to share the profits, if any, in the same ratio. The States could also request Central Agencies to undertake such operations on their behalf to be supported out of the State corpus. Additionally, the Centre can also requisition the Central Agencies like SFAC, NAFED, etc. to undertake price control operations for onion and potato.

Procurement of these commodities will be undertaken directly from farmers or farmers' organizations at farm gate/mandi and made available at a more reasonable price to the consumers.