

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

UNSTARRED QUESTION NO:4449
ANSWERED ON:08.08.2014
PRICE STABILISATION 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 Stabilisation Fund (PSF) Scheme for the Plantation crops indicating the commodities which are being extended the facility thereunder;
- (b) the funds allocated and utilised under the said scheme during each of the last three years and the current year;
- (c) whether the Government has established/proposes to establish any Price Stabilisation Fund for mitigating the price volatility in agricultural produce and if so, the details thereof;
- (d) whether the Government has reviewed the said scheme and proposes to 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 per cent 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.

(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.918.10 crores as on 31.03.2014. The details of year wise expenditure on account of the schemes implemented from the Price Stabilisation Fund are given below :

(Rs.in thousands only)

Year	Price Stabilisation Fund (PSF)	Personal Accident Insurance Scheme (PAIS)	Total
2011-12	40.5	665.0	705.5
2012-13	266.5	1114.4	1380.9
2013-14	1.50	120.0	121.5
Total	308.5	1899.4	2207.9

Total cumulative expenditure on account of the above mentioned schemes since inception of the Fund is Rs.1.53 crores.

(c).A Price Stabilization Fund for agricultural commodities has been announced in the Union Budget 2014-15 with a view to mitigate volatility in the prices of agricultural produce.

(d).to (f): The Price Stabilisation Fund (PSF) Scheme is regularly reviewed with a view to address the identified bottlenecks of the Scheme and to increase its effectiveness in dealing with the price risk faced by growers. Discussion on evolving a Comprehensive insurance based scheme in this regard with various stakeholders is underway.