



Price Stabilisation Fund (PSF)

Why in News

Recently, the government has said that **prices of onion, tomato and potato are cheaper than last year** (i.e 2020).

- Onion buffer has been maintained by the **Department of Consumer Affairs** under the **Price Stabilization Fund (PSF)** with the objective of effective market intervention to moderate prices.

Key Points

▪ About PSF:

- **Established in 2014-15**, PSF is any **fund created to absorb extreme volatility in selected commodity prices**.
- Such goods will be procured **directly from farmers or farmers' organisations** at the farm gate/mandi, and made available to consumers at a more affordable price.
- **Losses sustained**, if any, **between the Centre and the states must be shared** in the operations.
- The sum in the fund is **usually used for** activities aimed at bringing down/up the high/low prices say, for example, acquisition of certain goods and distribution of the same as and when appropriate so that costs remain within a range.

▪ Provides Loans:

- The PSF scheme **provides for the advancement of interest-free loans to State Governments/Union Territories (UTs) and Central Agencies** to finance their working capital and other expenses, which they may incur in the procurement and distribution of such commodities.
- The PSF scheme was **transferred from the Ministry of Agriculture & Farmers' Welfare to the Ministry of Consumer Affairs, Food & Public Distribution** w.e.f. 1st April, 2016.

▪ Fund Management:

- It is centrally managed by a **Price Stabilisation Fund Management Committee (PSFMC)** that approves all State Government's and Central Agencies' proposals.

▪ Maintaining the Corpus Fund:

- **Small Farmers Agribusiness Consortium (SFAC)**, a society promoted by the Ministry of Agriculture and Farmers' Welfare for linking agriculture to private enterprises, investment, and technology, maintains the PSF as a central corpus fund.

▪ Related Scheme:

- Launched in 2018 by the **Ministry of Food Processing Industries**, **Operation Green (OG)** aims to **build value chains of Tomatoes, Onions, and Potatoes (TOP) on the lines of "Operation Flood"** (AMUL model) for milk in such a way that will ensure a higher share of consumer's rupee goes to farmers and stabilizes their prices.

- While presenting the [Union budget 2021](#), the government announced that **Operation Green (OG)** will be expanded beyond TOP to 22 perishable commodities.

Source: PIB

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