

Foreword

The Reserve Bank of India provides Ways and Means Advances (WMA) to the States under Section 17(5) of the Reserve Bank of India Act, 1934. The system of WMA was last reviewed and rationalized in 1998. The present Advisory Committee was constituted to review the existing WMA Scheme under the Chairmanship of Shri C. Ramachandran, former Secretary (Expenditure), Department of Expenditure, Ministry of Finance, Government of India and former Executive Director, Asian Development Bank and Shri Suman Bery, Director General, National Council of Applied Economic Research as Member. Shri H.R. Khan, Chief General Manager, Internal Debt Management Cell (IDMC), Reserve Bank of India was the Member Secretary and Dr. Charan Singh, Director, IDMC was the resource person.

The Report contains brief analysis of the State finances and reviews the performance of the schemes of WMA and overdraft (OD) in the recent past. It also provides a historical review of the schemes of WMA, special WMA and OD. Before finalizing its recommendations, the Committee met officials of the State Governments, Government of India, Planning Commission, Twelfth Finance Commission, Reserve Bank of India and experts in the area. It also conducted a short survey to collate the views of the State Finance Secretaries on the Schemes of cash management. The Committee has made recommendations to revise the existing WMA Scheme – both normal and special and the OD. The Committee has considered certain other important issues which require not only the initiative of the States, but also that of Government of India, Planning Commission and Finance Commission. These issues have been highlighted in the Report.

The Report that is being published has been edited slightly to eliminate certain confidential information and data obtained by the Committee from States. The edited Report is also available on the RBI Website at { HYPERLINK "<http://www.rbi.org.in>" }

On behalf of the Reserve Bank of India I would like to express my deep appreciation for the commendable work of the Advisory Committee.

(Rakesh Mohan)
Deputy Governor
February 21, 2003