

**GOVERNMENT OF INDIA  
FINANCE AND COMPANY AFFAIRS  
LOK SABHA**

UNSTARRED QUESTION NO:5756

ANSWERED ON:02.05.2002

NEW FORMULA FOR WAYS MEANS ADVANCE

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OWAISI;SURESH RAMRAO JADHAV (PATIL);TRILOCHAN KANUNGO

**Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:**

- (a) whether Reserve Bank of India has adopted a new ways and means (WMA) formula and overdraft to States;
- (b) if so, the details thereof alongwith the reasons therefore;
- (c) whether after implementing these norms some States are facing difficulties; and
- (d) if so, the details thereof?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a) & (b): Yes, Sir. As per the revised formula, the total Normal WMA limits have been enhanced to Rs. 7170 crore from Rs. 6035 crore effective March 3, 2003 to help State Governments avoid frequent resorting to Overdrafts. The number of days of overdraft has also been extended to 14 consecutive working days from 12 consecutive working days to allow the States more time to adjust their intra-month mismatches. No State Government will be allowed to be in overdraft for more than 36 working days in a quarter. This is intended to bring certain discipline on the States frequently resorting to Overdraft facility from RBI. The rates of interest on Normal Ways & Means Advance, Special Ways and Means Advance and on overdraft have also been revised.

(c) According to the data available with RBI, the States are not facing any difficulties after implementing these norms.

(d) Does not arise.