



October 08, 2021

## Review of Ways and Means Advances Scheme of State Governments/ UTs

The limits for financial accommodation through Ways and Means Advances (WMA), Special Drawing Facility (SDF) and Overdraft (OD) schemes of States and Union Territories (UTs) have been reviewed. It has been decided as under:

### Ways and Means Advances

As recommended by the Advisory Committee (Chairman: Shri Sudhir Shrivastava) to review the WMA limits for State Governments/UTs, the enhanced interim WMA limits totalling ₹51,560 crore were extended by the Reserve Bank up to September 30, 2021 to help States/UTs to tide over the difficulties faced by them during the pandemic. Considering the uncertainties related to ongoing pandemic, it has been decided that the existing WMA limit of ₹51,560 crore for all States shall be extended by further six months *i.e.* up to March 31, 2022 (State/ UT-wise WMA limits are given in the [Annex](#)). The Reserve Bank will review the WMA limits thereafter, depending on the course of the pandemic and its impact on the economy.

### Special Drawing Facility

SDF availed by State Governments/ UTs shall continue to be linked to the quantum of their investments in marketable securities issued by the Government of India, including the Auction Treasury Bills (ATBs). The net annual incremental investments in Consolidated Sinking Fund (CSF) and Guarantee Redemption Fund (GRF) shall continue to be eligible for availing of SDF, without any upper limit. A uniform hair cut of 5 per cent shall be applied on the market value of securities, for determining the operating limit of SDF on a daily basis.

### Overdraft

It has been decided to extend the relaxations provided for Overdraft facility for a period of six months, *i.e.* up to March 31, 2022 to provide greater flexibility to States to tide over their mismatches in cash flows. The details are given below:

- Increase in the number of consecutive days on which a State Government/UTs can avail overdraft from 14 days to 21 days; and
- Increase in the maximum number of days in a quarter on which the State Government/UTs can be in overdraft from 36 days to 50 days.

### Interest Rates on SDF, WMA and OD

Interest rate on SDF, WMA and OD shall continue to be linked to the policy rate of the Reserve Bank *i.e.*, the Repo Rate. Interest will be charged for all the days the advance remains outstanding.

The prevailing rates are retained as given below:

<b>Scheme</b>	<b>Limit</b>	<b>Rate of Interest</b>
SDF	If availed against net annual incremental investment in CSF and GRF	Repo rate minus 2 per cent
	If availed against investment in G-sec/ ATBs	Repo rate minus 1 per cent
WMA	If outstanding up to 3 months from the date of making the advance	Repo rate
	If outstanding beyond three months from the date of making the advance	Repo rate plus 1 per cent
OD	If availed up to 100 per cent of WMA limit	Repo rate plus 2 per cent
	If exceeds 100 per cent of WMA limit	Repo rate plus 5 per cent

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**(Yogesh Dayal)**  
Chief General Manager

**Annex: WMA Limit of State Governments and UTs**

(Amount in ₹ crore)

<b>Sl. No</b>	<b>State/UTs</b>	<b>WMA Limit valid up to March 31, 2022</b>
<b>1</b>	<b>2</b>	<b>3</b>
1	Andhra Pradesh	2,416.00
2	Arunachal Pradesh	312.00
3	Assam	1,504.00
4	Bihar	2,272.00
5	Chhattisgarh	1,056.00
6	Goa	272.00
7	Gujarat	3,064.00
8	Haryana	1,464.00
9	Himachal Pradesh	880.00
10	Jammu and Kashmir	1,408.00
11	Jharkhand	1,152.00
12	Karnataka	3,176.00
13	Kerala	1,944.00
14	Madhya Pradesh	2,560.00
15	Maharashtra	5,416.00
16	Manipur	312.00
17	Meghalaya	280.00
18	Mizoram	256.00
19	Nagaland	328.00
20	Odisha	1,576.00
21	Punjab	1,480.00
22	Rajasthan	2,608.00
23	Tamil Nadu	3,960.00
24	Telangana	1,728.00
25	Tripura	408.00
26	Uttar Pradesh	5,680.00
27	Uttarakhand	808.00
28	West Bengal	3,032.00
29	Puducherry	208.00
	<b>Total (All States/UTs)</b>	<b>51,560.00</b>