

RBI EXTENDS WAYS AND MEANS CREDIT FOR STATES, UTS TO SEPT.

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Banking, NPAs and RBI

The Reserve Bank of India (RBI) decided to continue with the existing interim Ways and Means Advances (WMA) scheme limit of Rs. 51,560 crore for all States/ UTs shall for six months i.e., up to September 30, given the prevalence of COVID-19.

Based on the recommendations of the Advisory Committee on WMA to State Governments, 2021 — chaired by Sudhir Shrivastava — the RBI had revised the WMA Scheme of States and Union Territories (UTs), it said.

The WMA limit arrived at by the Committee based on total expenditure of States/ UTs, works out to Rs. 47,010 crore. The RBI said it would review the WMA limit thereafter, depending on the course of the pandemic and its impact on the economy.

The 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), it said.

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% shall be applied on the market value of securities, for determining the operating limit of SDF on a daily basis, the central bank said.

States' Special Drawing Facility will remain linked to investments in govt. securities

END

Downloaded from crackIAS.com

© **Zuccess App** by crackIAS.com