

The Reserve Bank retains the flexibility to revise the limit at any time, in consultation with the Government of India, taking into consideration the prevailing circumstances.

**The interest rate on WMA/overdraft will be:**

WMA: Repo Rate

Overdraft: Two percent above the Repo Rate

**WMA Scheme**

Under Section 17(5) of RBI Act, 1934, the RBI provides Ways and Means Advances (WMA) to the **Central and State Governments** repayable in each case not later than **three months** from the date of the making of the advance.

They are provided to help them to tide over temporary mismatches in the cash flow of their receipts and payments.

They are intended to provide a cushion to the Govt. to carry on their essential activities and normal financial operations.

**Review of Limits of Way and Means Advances (WMA) of States/UTs (17-04-2020)\***

With a view to providing greater comfort to the States to undertake COVID-19 containment and mitigation efforts and enable them to better plan their market borrowings, RBI decided to increase the WMA limit of the States by 60% over and above the level as on March 31, 2020.

The increased limit will be available till September 30, 2020.

**Cash Management Bills**

Cash Management Bills are short-term instrument issued to meet the temporary cash flow mismatches of the Government of India. The CMBs have the generic character of T-bills but are issued for maturities less than 91 days.

**Promissory note**

It's a signed document containing a written promise to pay a stated sum to a specified person or the bearer at a specified date or on demand. For example Bank note.

**RBI Foreign exchange reserves \***

Total reserves as on 03-07-2020 is Rs. 38,30,997/- Crores (5,13,254/- Million US\$)

- Foreign currency assets (FCA), Rs. 3532436 Cr.
- Gold Rs. 253906 Cr.
- Reserve Tranche Position (RTP) in the IMF and Rs. 33849 Cr.
- Special Drawing Rights (SDRs) Rs. 10806 Cr.

IAS Prelims 2013

Which one of the following groups of items is included in India's foreign-exchange reserves?

- a. Foreign-currency assets, Special Drawing Rights (SDRs) and loans from foreign countries
- b. Foreign-currency assets, gold holdings of the RBI and SDRs**
- c. Foreign-currency assets, loans from the World Bank and SDRs
- d. Foreign-currency assets, gold holdings of the RBI and loans from the World Bank

**Special Drawing Rights (SDRs)**

Created by IMF	The SDR is an international reserve asset, created by the IMF in 1969 to supplement its member countries' official reserves.
Value of the SDR	The value of the SDR is based on a basket of five major <b>freely usable currencies</b> —U.S. dollar, Euro, Chinese renminbi (RMB), Japanese yen, and Pound sterling Chinese renminbi (also called Yuan) was included in the SDR basket from October 1, 2016.
Freely usable currency	A "freely usable" currency mean a currency that the IMF determines is widely used to make payments for international transactions, and is widely traded in the principal exchange markets. IMF lending operations are, in practice, conducted in freely usable currencies or SDRs.