RBI relaxed the norms of State/UT to avail overdraft

On April 7, 2020 The Reserve Bank of India (RBI) has decided to increase the number of days that a State/UT can continue to overdraft to **21 working days** from the current stipulation of 14 working days as they are facing cash flow mismatches due to coronavirus.

**Key Points**

i. In addition, the number of days that a State/UT can overdraft in a **quarter** has also been increased to **50 working days** from the current stipulation of 36 working days, while all other stipulations remain unchanged.

ii. The new arrangement is effective immediately and is valid until **September 30, 2020**.

iii. It has also increased the Ways and Means Advances (WMA) limit by 30% from the existing limit (Rs 1.20 lakh crore) for all States/UTs which was effective from April 1, 2020 & is valid till September 30, 2020.