Ways and Means Advances (WMA)

The WMA are short-term loan facilities which allow the Centre and states to borrow funds from the RBI to bridge their temporary mismatch between expenditure and receipts.

The interest rate on WMA is the RBI’s repo rate. Repo rate is basically the rate at which RBI lends short-term money to banks. The WMA loans have a three-month tenure. States are allowed an overdraft facility (to borrow in excess of WMA limit) of 21 days.