

# STATE GOVERNMENT FINANCES

Frequency of tapping WMA and OD  
in FY2026 dipped to the lowest in  
five years amid sharp increase in SDF

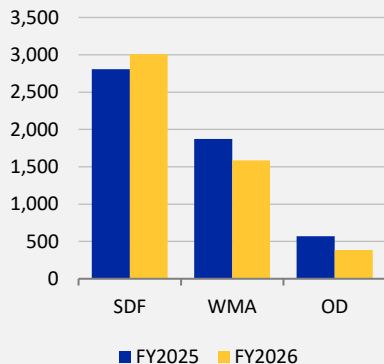
JUNE 2026





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**EXHIBIT: Aggregate number of days states/UTs tapped liquidity facilities**



Source: RBI; ICRA Research

The Reserve Bank of India (RBI) provides financial accommodation to 27 state governments (except Sikkim) and three Union Territories (UTs) through the special drawing facility (SDF), ways and means advances (WMA) and overdraft (OD) facility to address temporary mismatches in their receipts and payments.

In FY2026, 19 states used the SDF for 3,008 days, up from 16 states that availed funds under this window for 2,809 days in FY2025. The relative attractiveness of availing funds under the SDF window appears to have been supported by the higher spread between the weighted average cut-off yield of State Government Securities (SGS) and the SDF rate (Repo Rate minus 200 bps). This spread increased to 436 bps in March 2026 from 289 bps in March 2025, marking the highest level since July 2022, when it had exceeded 500 bps. Additionally, incremental contributions by some states to the Consolidated Sinking Fund (CSF) and Guarantee Redemption Fund (GRF) may have created greater room for utilising the SDF window in FY2026.

On an encouraging note, the frequency of using the WMA window declined for the second consecutive year in FY2026 to 1,586 days from 1,873 days in FY2025. Moreover, this was the lowest number of days for which the states used the WMA window in the last five years. Manipur used the WMA window for 190 fewer days in FY2026 compared to FY2025, while the usage of Kerala, Jammu & Kashmir (J&K), Telangana and Andhra Pradesh (AP) usage declined by 62-100 days. However, Himachal Pradesh (HP) and Punjab used the WMA window for over 250 days in FY2026, with HP reporting an increase of 103 days from FY2025.

Similarly, the frequency of availing OD fell to 386 days (lowest in five years) in FY2026 from 570 days in FY2025, led by Kerala, Manipur and Telangana. In contrast, the OD usage of HP and Meghalaya rose by 30-60 days in FY2026.

Overall, the dip in the frequency of tapping the WMA and OD windows by AP, Telangana and Kerala in FY2026 is appreciable and could be an outcome of measures taken by them to improve their cash flow management, while a rise in the same by HP suggests tight fiscal conditions.

**EXHIBIT: Number of states, which availed the liquidity facilities from the RBI in FY2026**

Facility	Number of states/UT	States/UT
<b>SDF</b>	19	AP, Assam, Chhattisgarh, Goa, Haryana, J&K, Jharkhand, Kerala, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Punjab, Rajasthan, Tamil Nadu (TN), Telangana, Uttar Pradesh (UP) and Uttarakhand
<b>WMA</b>	11	AP, Haryana, HP, J&K, Jharkhand, Kerala, Manipur, Meghalaya, Punjab, Rajasthan and Telangana
<b>OD</b>	10	AP, HP, J&K, Jharkhand, Kerala, Manipur, Meghalaya, Punjab, Rajasthan and Telangana



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# Analytical Contact Details

Name	Designation	Email	Contact Number
Aditi Nayar	Chief Economist, Head – Research & Outreach	<a href="mailto:aditin@icraindia.com">aditin@icraindia.com</a>	0124- 4545 385
Neetika Shridhar	Vice President	<a href="mailto:neetika.shridhar@icraindia.com">neetika.shridhar@icraindia.com</a>	0124 – 4545 305
Jaspreet Kaur	Assistant Vice President	<a href="mailto:jaspreet.kaur@icraindia.com">jaspreet.kaur@icraindia.com</a>	0124 – 4545 853





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# Business Development/Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	<a href="mailto:shivakumar@icraindia.com">shivakumar@icraindia.com</a>	022-61693304
Sai Krishna	Head - Research Sales and Investor Connect	<a href="mailto:sai.krishna1@icraindia.com">sai.krishna1@icraindia.com</a>	9840774883
Rohit Gupta	Head Business Development – Infrastructure Sector	<a href="mailto:rohitg@icraindia.com">rohitg@icraindia.com</a>	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	<a href="mailto:vivek.bhalla@icraindia.com">vivek.bhalla@icraindia.com</a>	022-61693372
Vinita Baid	Head Business Development – East	<a href="mailto:vinita.baid@icraindia.com">vinita.baid@icraindia.com</a>	033-65216801
Shivam Bhatia	Head Business Development – Corporate Sector – North & South	<a href="mailto:shivam.bhatia@icraindia.com">shivam.bhatia@icraindia.com</a>	0124-4545803
Sanket Kulkarni	Head Business Development – Corporate Sector – West	<a href="mailto:sanket.kulkarni@icraindia.com">sanket.kulkarni@icraindia.com</a>	022-6169 3365
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	<a href="mailto:communications@icraindia.com">communications@icraindia.com</a>	0124-4545860





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