

Debt Management Office: Relevance and Concern
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World over, debt management is distinct from monetary management. The establishment of a Debt Management Office (DMO) in the Government has been advocated for quite some time. Accordingly- A propose to set up an autonomous DMO and in the first phase- a Middle Office to be set up to facilitate the transition to a full-fledged DMO was mentioned in the Union Budget Speech 2006-07. Central Government's proposal to create a DMO is the crucial first step in reviewing and improving public debt management and building a government securities market. In India, the debt management function is presently dispersed over several agencies. Broadly, external debt and non marketable debt and other liabilities are largely managed by the Ministry of Finance through various departments and marketable debt is largely managed by the Reserve Bank of India. IMF, in its guidelines on Public Debt Management (2001), discussed that operational responsibility for debt management is generally separated into front and back offices with distinct functions and accountabilities, and separate reporting lines. The government plans to legally empower the proposed Debt Management Office (DMO) with the mandate to do debt profiling and debt stock analysis of borrowings of the Centre and states. Though the work profile of DMO was to include these functions, the finance ministry wants to explicitly spell these out as it starts framing the draft legislation.