

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
ADMITTED UNSTARRED QUESTION No. 2316
TO BE ANSWERED ON TUESDAY, THE 6TH DECEMBER, 2016
AGRAHAYANA 15, 1938 (SAKA)

OVERSEAS PUBLIC DEBT MANAGEMENT BODY

2316. DR PRADEEP KUMAR BALMUCHU:

Will the Minister of FINANCE be please to state:

- a. whether it is a fact that the Government is planning to set up an interim Body to oversee Public Debt Management, if so, the details thereof; and*
- b. the functions of the new body in advising the Ministry regarding debt management status and, the details thereof?*

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

- (a) and (b) Yes, the Government has set up an interim body to oversee Public Debt Management, vide Budget Division notification F.No.1/1/2010 MO (Vol.II) dated October 4, 2016. This interim body, named Public Debt Management Cell (PDMC), is an interim arrangement before setting up PDMA. The details and salient features are as given under:
- i. The Public Debt Management Cell (PDMC) has been set up in Budget Division, Department of Economic Affairs (DEA), Ministry of Finance (MoF), as an interim arrangement before setting up an independent and statutory debt management agency, namely Public Debt Management Agency (PDMA) of India, in due course.
 - ii. This interim arrangement will allow separation of debt management functions from RBI to PDMA in a gradual and seamless manner, without causing market disruptions.
 - iii. The PDMC will have only advisory functions to avoid any conflict with the statutory functions of RBI. It will have following functionalities:
 - a. Plan borrowings of Gol, including market borrowings, other domestic borrowing activities of Gol through specific products, including Sovereign Gold Bond issuance.
 - b. Manage Central Government liabilities, including Internal Debt, Guarantee proposals and Contingent Liabilities, and National Small Saving Fund.
 - c. Monitor cash balances of the Government, improve cash forecasting and promote efficient cash management practices.
 - d. Foster a liquid and efficient market for Government securities.
 - e. Analyse and advise concerned Divisions of DEA on the proposals of External borrowing as regards cost, tenure, currency, hedging requirements, etc. and monitor development in foreign exchange markets. External borrowing proposals would, however, continue to be negotiated by MI and BC Divisions and AAA Division will continue to provide requisite back office support.

- f. Develop an Integrated Debt Database Management system (IDMS) as a Centralised data base for all liabilities of Gol, on a near real time basis.
- g. Advise on matters related to Investment, Capital Market operations, Guarantee proposals, administration of interest rates on Small savings, and various loans and advances given by Gol.
- h. Undertake requisite market interface with various stakeholders, including Government departments, Central Bank, investors, primary dealers, financial market regulators, market participants, etc. to carry out assigned functions efficiently.
- i. Undertake such research work, including those relating to new products development, market development, risk management, debt sustainability assessment, and other debt management functions, as and when required by Ministry of Finance.
- j. Undertake requisite preparatory work for PDMA. The Joint Secretary (Budget), Department of Economic Affairs, Ministry of Finance would be the overall in-charge of the PDMC.
