

NITI bats for separate debt office at Centre

Rajiv Kumar

NITI Aayog Vice-Chairman Rajiv Kumar made a strong case for setting up an independent debt management office, saying better servicing of loans could lead to substantial reduction in India's interest payments.

At present, government debt is managed by the Reserve Bank of India (RBI). "Now, the time has come to seriously consider better management of India's debt servicing obligations... interest payment is such a large part of the revenue expenditure that better management of debt servicing could substantially reduce interest payment," Mr. Kumar said.

Noting that India's external debt is only 18% of total GDP, he said when the RBI manages India's debt then there is conflict of interest.

"Because, if you let more external people come and compete in government debt market, then you get more foreign exchange, therefore exchange rate management gets problematic.

"So, debt market remains confined to few domestic players... I think therefore time has come for this step to be taken in right earnest," he said.

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