

Federal gov't debt remains manageable, says Najib

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Federal government debt remains manageable and the country is categorised as moderately indebted, Najib Abdul Razak said today.

The prime minister said that as at the end of June this year, federal government debt amounted to RM655.7 billion or 53.2 percent of the Gross Domestic Product (GDP).

Up to 95.9 percent or RM628.8 billion of that sum was domestic debt while 4.1 percent or RM26.9 billion was offshore borrowings, said Najib, who is also the Finance Minister, during the special Ministers' Question Time in the Dewan Rakyat.

"The borrowings of the federal government are aimed at meeting deficits that arose as a result of lack of revenue to finance government development expenditure.

"This development expenditure met by the loans is productive expenditure that can buttress economic growth and bring benefits to the people, through construction of schools, hospitals, roads and dams," he said.

He was replying to Noor Ehsanuddin Mohd Harun Narrashid (BN-Kota Tinggi) pertaining to the total amount of national debt and government guarantee based on the tabling of the 2017 Budget on Friday.

Najib, who is also Finance Minister, said the development expenditure also indirectly benefited the private sector to implement various programmes and economic activities.

In the meantime, he said the amount of guarantee provided by the government up to June 2016 stood at RM180.9 billion or 14.7 percent of the GDP.

"The guarantee is given to public entities that implement infrastructure projects such as Prasarana and PTPTN (National Higher Education Fund Corporation) which are involved in infrastructure construction such as LRT, MRT and the provision of student loans for higher education," he said.

He said the government remained committed to ensuring debt level did not exceed 55 percent of the GDP.

Replying to a supplementary question on government measures to avoid debt from continuing to rise in the future, Najib said the government would ensure the expenditure did not exceed revenue, with surplus in terms of government current account.

"We must ensure the loans are used to develop the economy, enhance national economic activities and we also give priority to domestic borrowing, and with such measures, including prudent, efficient and effective spending that focuses on its outcome, God willing we can manage the national debt to be under control," he said.

Replying to Dr Tan Seng Giaw (DAP-Kepong) who wanted to know where the offshore loans were conducted, Najib said a large portion was from bonds issued by the government and subscribed by the international community.

“We do this because, to some extent, it signals that they have confidence in the management of the national economy of Malaysia or vice versa,” he added.

- *Bernama*

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