

Fiscal deficit falls in phases to reduce national debt burden – Anwar

Malaysiakini

05 August 2025

Bernama

The Madani government is gradually reducing the fiscal deficit in phases to lessen the national debt burden, said Prime Minister Anwar Ibrahim.

He said if the deficit were to be reduced suddenly, there is a risk that it would hinder additional allocations for educational activities, the Rahmah cash aid, and health.

Anwar said the fiscal deficit was recorded at 5.5 percent of gross domestic product (GDP) in 2022. This was gradually reduced to five percent in 2023 and further reduced to 4.1 percent in 2024.

“Our target is to reduce the deficit gradually in phases. As long as the deficit is not reduced, the debt amount will increase.

“That is why, from the debt perspective, I said in 2021 that the new debt amounted to RM100 billion; in 2022, RM99 billion and in 2023, the new debt amount fell to RM92.6 billion. In 2024, it will further be decreased to RM76.8

billion,” he said during the ministerial question time in the Dewan Rakyat today.

Anwar said last year, the Rahmah cash aid and the Rahmah Necessities Aid (Sara) rose to RM15 billion, and the Education Ministry received the highest increase of up to RM64 billion, while the Health Ministry received a RM45 billion rise.

He said the policy implemented has been viewed positively following a rise in foreign and domestic investor confidence.

“Therefore, it is not true to say that the ringgit is depreciating. Our ringgit is the strongest currency in Asia currently. It was at its worst at RM 4.70 to the dollar. It is now RM4.24,” he said in response to Iskandar Dzulkarnain Abdul Khalid (PN-Kuala Kangsar).

Iskandar had asked the prime minister if the government is managing the national debt responsibly given that the debt has risen from RM1,079.1 billion in 2022 to RM1,247.6 billion by the end of 2024, which is almost 65 percent of the GDP.

“Let us explain what is meant by the increase, which is that up to 65 percent of GDP is development spending. We do not owe (in terms of) operating expenses. We owe, although less, a debt for development expenditure,” said the premier.

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