

Newspaper	THE STAR
Date	26 OCTOBER 2016

'Govt debt remains manageable'

The Star - 26/10/2016

Najib: Development expenditure met by loans can buttress economic growth

KUALA LUMPUR: Government debt remains manageable and the country is categorised as moderately indebted, Prime Minister Datuk Seri Najib Tun Razak said.

He said that as at end June, Government debt amounted to RM655.7bil or 53.2% of the Gross Domestic Product.

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

"The borrowings of the Federal Government are aimed at meeting deficits due to lack of revenue to finance government development expenditure.

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

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

Najib said the development expenditure also indirectly benefited the private sector to implement various programmes and eco-

nomics activities.

He said the amount of guarantee provided by the Government until June 2016 stood at RM180.9bil or 14.7% of the GDP.

"The guarantee is given to public entities which implement infrastructure projects such as Prasarana and PTPN (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.

Najib said the Government remained committed to ensuring the debt level did not exceed 55% of GDP.

Replying to a supplementary question, 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.

"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.

To a supplementary question by Dr Tan Seng Giaw (DAP-Kepong)



Making his point: Najib addressing questions raised during the Ministers' Question Time (MQT) session at the Dewan Rakyat. — Bernama

about RM27bil in offshore loans, Najib said the loans were mostly from sukuk bonds.

"The sukuk bonds are subscribed by the international community to fund our loans.

"In a way this is good because it gives us an indication of the international community's perception of our national debt management," he said.

Government remains committed to ensuring the debt level does not exceed 55% of GDP.

Datuk Seri Najib Tun Razak