

Fiscal deficit reduction key to managing debt: PM

KUALA LUMPUR: The country's new debt has gradually declined despite continuing polemics on the national debt position, Prime Minister Datuk Seri Anwar Ibrahim told the Dewan Negara yesterday.

Anwar stressed that reducing the fiscal deficit is crucial as overall debt will continue to rise for as long as the deficit remains.

"The fiscal deficit indeed poses a challenge. The first Madani government is trying to reduce the fiscal deficit and new debt even though it remains a never-ending political polemic. Why do we need to reduce the deficit? If we don't, the debt will balloon.

"We brought it down from 5.6% of gross domestic product to 5% in 2023, followed by 4% and now we are projecting 3.8% for this year and a continued reduction the following year," he said when tabling the 13th Malaysia Plan.

He explained that the increase in overall debt was due to the interest burden from legacy debts, not from new borrowings, adding that records clearly show new debt has decreased.

He added that the government remains committed to gradually reducing the fiscal deficit, with a target of reaching 3% of gross domestic product (GDP) within the next five years and lowering the debt level to no more than 60% of GDP. - Bernama