

'Debt strain to ease by 2029'

Govt borrowing down from RM100bil to RM75bil, says PM

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KUALA LUMPUR: Malaysia's debt pressure is expected to ease by late 2028 or early 2029 in line with the government's fiscal consolidation plan, says Datuk Seri Anwar Ibrahim.

The Prime Minister said Malaysia's fiscal deficit has steadily declined over the past three years, from 5% of the nation's gross domestic product in 2023 to 4.1% in 2024, and an estimated 3.8% in 2025.

He said this reflects the government's efforts to reduce new borrowings, which have fallen from RM100bil in 2021 to around RM75bil today.

"Based on current projections, the deficit will continue to decrease," he told the Dewan Rakyat.

Anwar said the total federal debt as of the end of December is estimated between RM1.3 trillion and RM1.5 trillion.

While this remains manageable, the government must continue to meet all debt obligations responsibly, he added.

"Our statutory debt stands at 64% of GDP, still below the legal ceiling of 65%.

"Offshore borrowings are at RM22bil, below the 35% limit, and Treasury bills totalled RM4bil, well under the RM10bil threshold," he said, highlighting the government's careful fiscal management.

"We can reduce the deficit further, but states should not request for more allocations," Anwar said, responding to a question from a government backbencher who accused the Opposition of politicising the



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issue of government debt.

The Prime Minister said that while the government can narrow the deficit, it should not be at the expense of essential spending, including for flood mitigation projects.

"If the current trends continue, deficit will stabilise by 2027 or 2028.

"Maintaining this consistency would see government debt reduce significantly by 2028 or 2029," he said in response to Bangi MP Syahredzan Johan.

Syahredzan had raised concerns about misleading claims that federal debt had breached the statutory ceiling of 65% of GDP, claims which Anwar dismissed as inaccurate.

"Statistics should not be manipulated to mislead. Statutory debt is clearly defined in our laws.

"It covers federal borrowings and does not include our relatively small external debt or Treasury bills," Anwar said.

He added that the government remains focused on reducing stat-

utory debt as quickly as possible without shifting the burden to the public.

"What matters is our ability to reduce debt immediately, but without imposing unnecessary strain on the rakyat. That balance is a key policy decision," he said.