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### Raising debt ceiling enables govt to finance budget deficit in medium term – Tengku Zafrul

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**KUALA LUMPUR, Oct 30** – The government has asserted the importance of increasing the debt ceiling to 65 per cent of gross domestic product (GDP) to have a wiggle room to finance the government's budget deficit in the medium term, including funding needs for the implementation of the 12th Malaysia Plan (12MP).

Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz said although the government's debt ceiling was raised to 65 per cent, what was more important was the government's ability to repay the loan.

"If we were to pull the break too fast, where we suddenly don't want to spend or make an expansionary fiscal policy, our economy can't recover faster than we expected.

"So, the government's important responsibility is to ensure that its financial position remains stable so that it is ready and able to implement counter-cyclical measures in the event of a crisis," he said in a special interview themed "Budget 2022 From Rakyat to Rakyat" on Bernama TV and Astro Awani tonight.

Tengku Zafrul said the government's revenue projections were not enough for 2022 to fund all the programmes that were announced in the budget yesterday, especially for large projects.

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"This is lower than this year's deficit, which is expected to be 6.5 percent, but because our GDP is expected to improve next year, so it helps reduce the deficit rate even though we have an expansionary fiscal policy with a total allocation of RM332.1 billion.

"So this 6.0 per cent is about RM100 billion deficit that we have to pay through debt. Alhamdulillah, we have the ability to borrow next year," he said.

Tengku Zafrul said during the tabling of Budget 2021, the government expected this year to be a year of recovery, however, the budget was drafted before the production of COVID-19 vaccines and the existence of new variants such as Delta.

"So, we cannot assume that this situation cannot happen. We must always expect it and we must have Plan B."

To this end, Tengku Zafrul said on Oct 11, the Dewan Rakyat approved an increase in the limit of the COVID-19 Fund from RM65 billion to RM110 billion, an increase in the statutory debt ceiling of the Federal Government from 60 per cent to 65 per cent of GDP.

With this approval, he said the government has had a wiggle room to borrow more and spend more to help the people, protect the well-being of the people and ensure business continuity.

On the main challenges in preparing Budget 2022, Tengku Zafrul said the main challenge was to prepare a budget that could meet the needs of various parties, especially when the government had spent a lot of money to help the people and businesses pull through the trying times since last year.

At more than RM332.1 billion, Budget 2022 will be the nation's largest, surpassing the RM321 billion expected to be spent this year, with a focus on reviving every socio-economic segment of the country.

The budget themed "Keluarga Malaysia, Makmur Sejahtera" (A Prosperous Malaysian Family) comprises RM233.5 billion operating expenditure, RM75.6 billion development expenditure and RM23 billion for the COVID-19 Fund.

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