PRESS CITATIONS

Tengku Zafrul to propose raising statutory debt limit to 65 per cent

PRESS CITATIONS | 03 SEPTEMBER 2021

KUALA LUMPUR, Sept 3 – Finance Minister Tengku Datuk Seri Zafrul Abdul Aziz will propose to raise the statutory debt limit to 65 per cent from the current 60 per cent of the gross domestic product (GDP).

He said although the statutory debt-to-GDP ratio is currently at about 58 per cent, given the commitment made by the government to support the people and businesses, the debt-to-GDP ratio would probably increase to above 60 per cent by year-end.

“Today, we are still below 60 per cent, at about 58 per cent of our statutory debt limit. Even if we breach it, it will be marginal, but we still have to go to Parliament to increase the limit.

“The plan is to present it (the proposal) to the Cabinet next week, then we will bring it to Parliament at the right time,” he told a press conference today.

Asked if the government would consider foreign borrowings due to the limited fiscal space, Tengku Zafrul said the government would not borrow in foreign currencies for now.

However, Tengku Zafrul admitted that the government has limited fiscal space, but that has not stopped it from continuing to expand its fiscal policy to support the economy.

"We have seen how we have revised our spending to increase borrowings, and our deficit has gone up, which is forecasted to be up to 6.5-7.0 per cent," he said.

According to him, to-date, about 97 per cent of the government's total borrowing is ringgit-denominated and only three per cent is in foreign currencies.

On the re-introduction of the goods and services tax (GST) in Budget 2022, the Finance Minister said the government is focusing on reviving the economy, and it is not the right time to bring back old consumption tax like the GST.

He said the government is looking at ways to enhance its revenue and to address the issue of revenue leakages.

Meanwhile, commenting on the expectation that Malaysia would be able to enter the COVID-19 endemic phase by end-October this year, the Finance Minister said he hoped that all sectors would be allowed to resume operations by that time, albeit under the new normal state.

"Once we enter into the endemic phase, there would be changes in the standard operating procedure, but this will be discussed in the Malaysian National Security Council meeting," he said.

Bernama | Tengku Zafrul

Press Citations Archieve

Next →