

Cannot burden future generations, says FM; lays stress on sustainable debt management

KR Srivats
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Highlighting the growing challenge of inter-generational debt, Finance Minister Nirmala Sitharaman underscored the need for economies to prioritise “debt management and financial security” in the coming decade. She cautioned against excessively burdening future generations, calling for sustainable fiscal policies to address the issue.

PAIN AND LIABILITY

At the second edition of the Global Economic Policy Forum, organised jointly by the Finance Ministry and the Confederation of Indian Industry here on Wednesday, Sitharaman said, “Responsible economies can’t be run with borrowings so large that the next generation already knows the pain and liability they are facing. After



FM Nirmala Sitharaman at the CII Global Economic Policy Forum 2024, in New Delhi ANI

all, they are going to be passed through as taxation to generate resources to pay back the debt taken.”

This year’s GEPF theme is ‘Decadal priorities for the global economy’.

Sitharaman said that the government and industry must work together to better manage debt at the national and sub-national levels. “This should be a point of priority for the decade as much for you (industry) but more for the government.”

“It is important for us to

manage our debt. Covid brought us to a situation where whether you like it or not, you had to borrow. I am not saying we remained outside of borrowing. We also borrowed. But we are super conscious about the fact that we cannot burden our forthcoming generations with debt that is not sustainable.”

She added that in the coming decade, the priority must be to manage finances, borrow to build assets and manage better but it cannot leave the next generation worried about how they can service it. The Minister’s remarks are a clear pointer that the government may, in the upcoming Budget, take steps to rein in national debt, which has increased post-Covid but has remained under manageable levels.

GLOBAL WORRY

Sitharaman underscored the need to “restore global calm” as wars and skirmishes are

raising inflation in the global economy.

“War should be avoided as they are the main cause of supply chain disruptions. Inflation is globally a big challenge. The primary cause of inflation is war. It is incumbent upon industry, government and policymakers to tirelessly try for normalcy,” Sitharaman added.

The Finance Minister also urged industry to realign itself with the supply chain lessons learned in the last three years. Noting that climate change has hit everyone, Sitharaman underscored the need for the global South to commit to tackling the situation in the same way it had committed to eliminating poverty.

She said that agriculture will require more innovation and will have to be applied in a way that improves farmers’ livelihoods. The issue of handling water will have to be a decadal priority.