

Role Of Public Debt and Sustainable Inclusive Growth in BRICS

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Abstract

The paper analyses the role of external debt in the growth trends and help in the sustainable development in recent scenario. As the study found that the public debt has been increased in BRICS countries, the government of these countries must try to reduce it by adopting several policies such as (i) reducing the unplanned expenditure, (ii) rising the revenues without rising the tax base, (iii) encourage the foreign direct investment to boost the production and reduce the investment, (iv) increase the public-private partnership (PPP) in the large project investment such as physical infrastructure, etc. The current study tries to explain the details of public debt and its role in the progress of a country. If we compare the debt ratio to GDP, India rank highest among the BRICS. India's debt ratio to GDP (67.27%) is highest among these five nations followed by Brazil (56.8%) and South Africa (46.41%). The least debt ratio to GDP is in Russia (13.41%) and followed by China (22.4%).

Key Words: public debt, sustainable, planned and unplanned expenditure, inclusive growth, BRICS.

1. Introduction

Public debt is an old concept and has lots of literature on this but still it has great a relevance and significance in recent years. Because, according to the modern economists, the role of government is increasing over the years and they are performing both old and new functions for rapid economic growth, which lead to increase in public debt. If we look at the existing studies, they vary on analytical grounds or on the empirical evidence (Rang Rajan and Srivastava, 2005). Majority of the studies have shown the relationship between public debt, fiscal deficit and economic growth. Classical economists said that the basic pillars of public debt are unproductiveness.

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