



## Increase in Global Public Debt by 2030

[Source: TH](#)

According to the latest report of the [International Monetary Fund \(IMF\)](#) on [fiscal policy](#), global public debt is expected to reach a record USD 100 trillion.

### ▪ Key Highlights of the Report:

- Global public debt is expected to reach **93% of global GDP** in **2024**, and to approach **100% by 2030**.
- The IMF introduced a **"debt-at-risk" method** to better assess uncertainties in debt projections, estimating that global public debt could surge to **115% of GDP by 2026 in a worst-case scenario**.
- Fluctuations in government borrowing costs are increasingly driven by global factors.
  - Implying that **high debt levels in major countries could raise the volatility of sovereign yields** and debt risks in other countries.

### ▪ Recommendation:

- Countries should use the current period of lower inflation and interest rate cuts to strengthen their financial reserves.
- Countries need to **implement fiscal adjustments between 3.0% and 4.5% of GDP** to bring global public debt under control.
- IMF came into formal existence in December 1945. It was set up along with [the World Bank](#) after [World War II](#) to assist in the reconstruction of war-ravaged countries.
  - IMF and WB agreed to be set up at a **conference in Bretton Woods in the US**. Hence, they are known as **the Bretton Woods twins**.
- Its primary purpose is to ensure the stability of the international monetary system.
- **Major reports of the IMF:** [Global Financial Stability Report](#) and [World Economic Outlook](#).

Read More: [Financial Stability Report, June 2024](#)

PDF Reference URL: <https://www.drishtias.com/printpdf/increase-in-global-public-debt-by-2030>