

Glossary: Net lending net borrowing

Statistics Explained

Net lending (+)/ net borrowing (-) is a national accounts balancing item. It is the last balancing item of the non-financial accounts - namely the balancing item of the capital account.

It can be used in the context of the domestic economy as a whole, but is **most frequently used in the context of the Excessive deficit procedure (EDP) and government finance statistics** ; i.e. in the context of the net lending (+)/ net borrowing (-) of the general government sector. When the balancing item is positive, a surplus is said to exist, when it is negative, there is a deficit.

It can be derived as follows:

Net lending (+)/ net borrowing (-)

= Government surplus / deficit (net lending/ borrowing under EDP)

= gross saving (defined as gross disposable income less final consumption expenditure) less net capital transfers less gross acquisitions less disposals of non-financial assets

= total revenue less total expenditure

= (conceptually) net acquisition of financial assets less net incurrence of liabilities, called net financial transactions.

Related concepts

- [Public balance](#)
- [EDP](#)
- [Total revenue and total expenditure](#)
- [General government](#)

Statistical data

- [Government finance statistics](#)