

## WHAT IS UNFUNDED LIABILITIES IN FINANCE?

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Public Finance, Taxation & Black Money incl. Government Budgeting

This refers to any future debt obligation for which no proper provision has been made in the present. A company that promises to pay pension to its employees in the future, for instance, will generally have to set aside sufficient funds in the present in order to be able to fund its future obligation. While companies and governments are mandated by law to show unfunded liabilities as a liability on their balance sheets, accounting tricks may be used to hide the true size of such liability. It is believed that the actual debt load of many governments in the developed world could be many times higher if unfunded liabilities were properly taken into account.

Pakistan's identity crisis, going back to the debates since its creation, remains unresolved

**END**

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